

ALBTELECOM

Business and Network Presentation



**ALBTELECOM
ALBANIA**

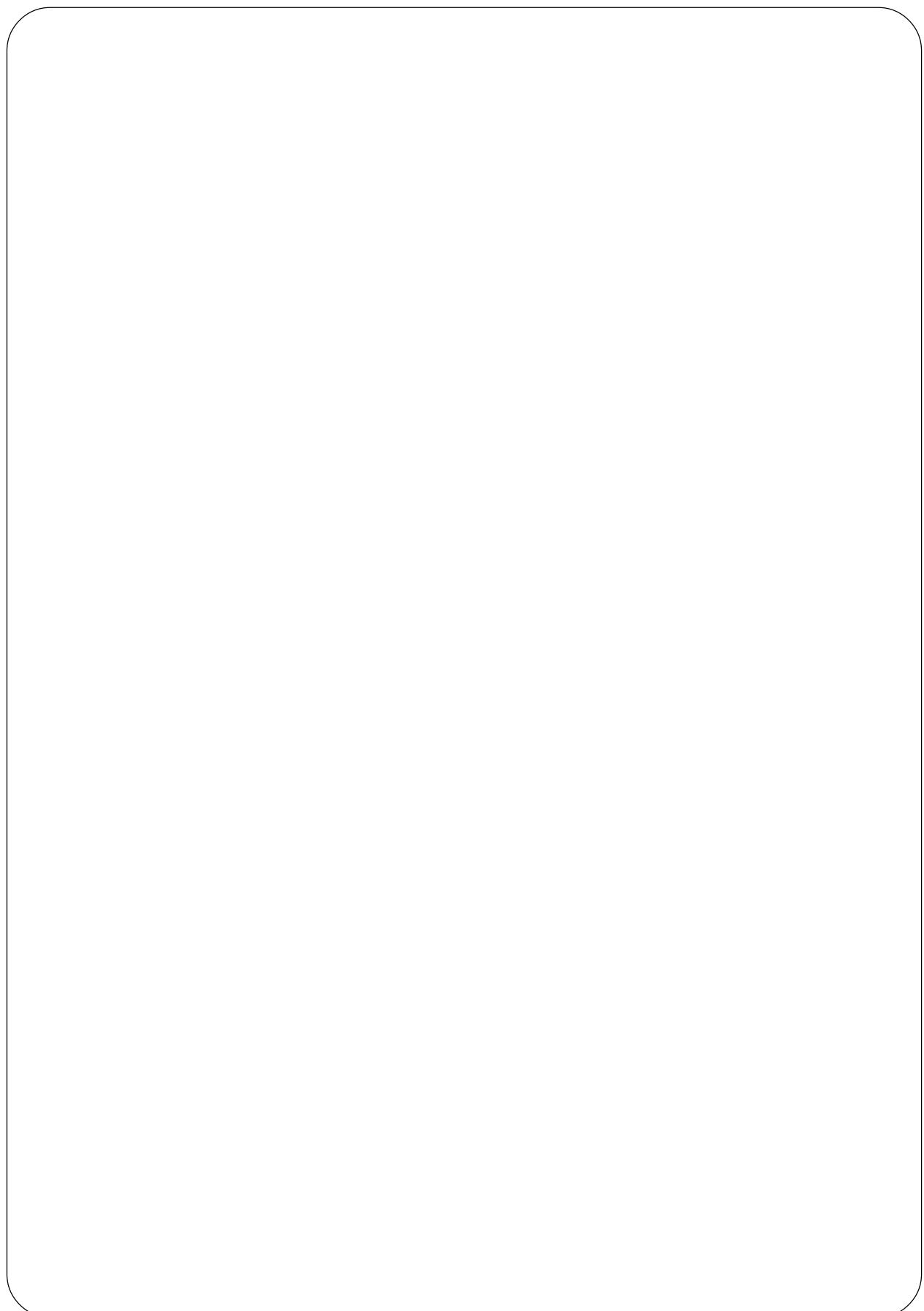
The biggest fixed telecommunication company toward privatization

because..... we ask for more



ALBTELECOM Sh.a.

***Business and Network
Presentation***



AGENDA

INDRODUCTION

COMPANY ORGANIZATION

FINACIAL DATA

TRAFFIC DATA AND TARIFFS

NETWORK AND SYSTEM DATA

MAIN INVESTMENT

INTRODUCTION

- ✓ ***GENERAL***
 - ✓ ***COMPANY STATUS***
 - ✓ ***HISTORY OF COMPANY***
 - ✓ ***LEGAL BASE***
-

REPUBLIC OF ALBANIA



CAPITAL	- TIRANA	CURRENCY	- LEK
POPULATION	- 3,144,058	RATE	- 1 EUR = 125,10 LEKE
AREA	- 28748 Km ²		- 1 USD = 102,04 LEKE
DENSITY	- 106.8	(CURRENT CHANGING RATE)	
MUNICIPALITY	- 65	INTERNATIONAL CODE	- +355
COMMUNES	- 309		

GENERAL

Albtelecom Sh. a. is a public operator with the most important activity of fixed telephony in Albania. With its own services it covers urban and rural areas of Albania. General turnover for 2003 is around 12,310 million Leke. Albtelecom has at its own disposal and makes use of tangible assets with a value of 20,099 million Leke. During this year the number of specialists and workers is 2280 persons.

Companies' main activity is focused on selling telecommunication services and telephonic traffic, offering leased lines and transmitting capacities as well as offering interconnection to all public operators licensed by ERT (Telecommunications Regulatory Entity) offering telecommunication services. The Company offers qualitative communication of European standards and digital transmitting aiming at new developments mainly in digital services ISDN and ADSL.

Main targets of Company are: continuous intensification of penetration level with its services in other cities and other habitation centers in the country and also enhancement of efficiency and quality in economic and financial activity in order to face successfully competition in an opened market maximally fulfilling clients' and subscribers' demands with telephonic services and other telecommunication services of different forms.

COMPANY STATUS

"ALBTELECOM" is a share company. The only proprietor of shares is Albanian state, represented by Minister of Economy.

Ministries of Economy and Transports/Telecommunications nominate the Supervisory Board of company.

Supervisory of Board nominates members of the Board of Directors and is responsible for supervision of policies and activities of the company.

Management of company is performed by Board of Directors

HISTORY OF COMPANY

Albtelecom Sh.a. is the largest operator in Albania that provides fix telecommunication services. It is the single public operator of fix telecommunications with 100% state-owned shares and was recently granted the relevant license to offer mobile telecommunications service, as the third operator in the country.

Up to the year 1992, fix telecommunications services were offered under the General Directorate of Posts and Telecommunications. In 1992 telecommunication services were divided from postal services, to establish the public operator of fix telecommunications, Albanian Telecom.

In 1999 this company was transformed into a joint-stock company, and since then the company is called Albtelecom.

Albtelecom Sh.a is the most important representative and successor of what was established in 1912: "The Posts-Telegraphy-Telephony System".

So, independently from the names it has been changed in different time periods, Albtelecom has provided telecommunication services by developing and expanding its network within and outside the country and aiming to:

- Better meet the demand for telecommunication services.
- Larger coverage with services of centers (districts) and areas in the country.
- Growth and consolidation of the company.

Of course, taking into consideration the demand side and the new telecommunications environment, Albtelecom cannot be compared with the past from both, the quantitative and qualitative point of view.

The history of Albtelecom dates since 1912, when for the first time in our country was possible to handle telegraphy-telephony services in an organized manner and with particular attention.

The following is a general outline of Albtelecom performance across the years:

- In 1920 the lines system of telegraphy-telephony interconnection provided the connection of main cities in Albania.
- During the same period the first manual telephonic switch was installed in Tirana.
- In the '30s the first automatic telephonic switch was installed in Tirana.
- In the '40s the international connection with density apparatuses (devices) was established.
- In the '50s electro-mechanic automatic switches were installed in the main cities.
- In the '60s direct connection of Tirana with all centers of the districts was accomplished.
- In the '70s interurban connection through cable system was accomplished.
- In the '80s automatic interurban connection among the main cities of the country.

During the '80s the first local digital switch and the first digital switch for telex service were installed, and also the first transit digital telephonic switch that enabled international automatic connection.

That was a short description of Albtelecom performance up to the beginning of the '90s, when the company totaled up to 30.000 subscribers, most of whom with old electro-mechanical technology.

Year 1992 marked the initiation of efforts to transform telecommunications system into a modern one. Thus, based on a Master Plan for the Development of Telecommunications in Albania, the first installments of modern systems of commutation and digital transmission were accomplished. Currently we have a coherent (contemporary) telecommunications system and almost 100% of Albtelecom's telecommunications network is digital.

Performance after 1992 could be summarized as follows:

- Albtelecom is present with its switching systems in all municipalities of the country (more than 70 centers). The installed capacity of switches is approximately 290.000 subscribers, out of which 240.000 are operational. The capacity is expected to be 320,000 in the end of 2004.
- The national and international telecommunications systems rely on the transit centers, respectively in Durres and Tirana, which offer transit services through more than 33.000 ports.
- There have been established local telephony networks in all districts where Albtelecom is present, with a total installed capacity over 320.000 lines. The capacity is expected to be 359,000 lines in the end of 2004.
- The backbone network consists of FO transmission systems and microwave systems in mountainous (remote) areas. 400 km of FO are operational to sustain the national transmission network and several hundreds kilometers of FO for the international one with submarine FO towards Italy, Greece and Croatia, which are recognized as international transmission systems Adria 1 and Trans Balkans Line (TBL).
- We must underline that the international systems of Albtelecom support not only the international communication of Albtelecom's subscribers, but also the communication of mobile telecommunications companies AMC and Vodafone and of other rural operators.
- Albtelecom has established its own network of Internet service by installing its equipments (appliances) in 8 main districts (centers) of the country. It has established a national backbone network and provides services and capacities for both, its own subscribers and other Internet operators (Internet Service Provider).

Main events for period 1992 – 2004 are summarized as follow:

- 1992 - “ALBANIAN TELECOM” was founded as a separate enterprise.
- 1994 - Digital National and International Transit exchanges by SIEMENS EWSD
- 1995 - Digital local switching systems by ALCATEL S12
- 1996 - Introduction of Card Phone service in network
- 1997 - Put into operation the International Optical Fiber Transmission Systems
- 1997 - Construction and put in operation the Long distance optical cable
- 1998 - Construction National and International Microwave transmission system
- 1999 - “ALBANIAN TELECOM” was transformed into a share company named “ALBTECOM Sh.a”
- 2000 - Introduction of Internet Service
- 2001 - Connection of all communes by low capacity microwave links
- 2001 - Extension of local digital switching systems by new technology Siemens – EWSD
- 2002 - New digital National and International Transit exchanges by SIEMENS EWSD
- 2003 - Extension of digital switching network. Digitalization level reached 97%.
- 2004 - Billing system and Customer Care
- 2004 - Internet Broadband Service
- 2004 - Eagle Mobile GSM Network

LEGAL BASE

A short overview on legal and sub legal acts in power which control legal relations in telecommunications field and those that come up prior to and during privatization process of Albtelecom Sh.a, up to the closing stages of it. Herein you shall find a short table of legal and sub legal acts and soon after it, a short comment on each of them. We highlight the fact that this is not a detailed analysis which would be necessary for the right legal orientation of each strategic investor in privatization process, but it is only a short overview, useful anyhow.

Essential legal and sub legal acts

- Legal and sublegal acts which regulate privatization process in the company Albtelecom Sh.a
 - Law No. 8306 date 14.03.1998 “On the privatization strategy of special importance sectors”, amended with Article No.8459 date 11.2.1999.
 - Law No. 8810 date 17.05.2001 “On the definition of form and structure of privatization formula in the anonymous company” Albtelecom” amended with the Law 8912 date 13.06.2002, amended with Law 9127 date 29.07.2003.
 - Council of Ministers Decision No. 288 “On the approval of sector development policy document for telecommunications in Republic of Albania”, amended with Council of Ministers Decision No. 615 date 2.11. 2001, Council of Ministers Decision No. 692 dated 27.12.2002 and Council of Ministers Decision 464 dated 3.7.2003.
 - Council of Ministers Decision No. 653 date 21.11.2001 “On the selection criteria of strategic investors, interested in acquisition of shares of anonymous company “ Albtelecom”, amended with the Council of Ministers Decision No. 419. dated 2.7.2004;
 - Council of Ministers Decision No.416 date 2.7.2004 “On determination of package shares quantity of the capital of anonymous company “ Albtelecom”, offered to strategic investors.
 - Council of Ministers Decision No.417 date 2.7.2004 “ On the criteria of offers` evaluation for the privatization of anonymous company Albtelecom”
 - Legal and sub legal acts in telecommunications field.
 - Article No. 8618 date 14.6.2000 “On telecommunications in Republic of Albania”

Short comments on legal and sub legal acts.

I. Law Nr. 8306 date 14.3.1998 “On privatization strategy of special importance sectors”

Most important issues:

- Approves privatization strategy of special importance sectors.
- Defines that state owned enterprises and companies with a state capital which operate in those sectors are opened to privatization.
- Within the framework of privatization, defines that the transference of property right, will be accomplished through sales of company shares.
- Defines telecommunications among other sectors as special importance sector.
- Anticipates that definition of form and structure for privatization formula in state owned companies in special importance sectors shall be performed by Law.
- Appoints Council of Ministers to anticipate necessary measures in order to face social problems that may arise from privatization process.
- Demands participation of strategic investors in privatization process.
- Enables Albanian state to have the right of “golden share” when the process is connected to strategic or public interests or in case a level control is requested.
- Appoints Ministry of Economy as representative of state ownership to implement privatization strategy of strategic sectors.

- **Law no. 8810 date 17.5.2001 “On the definition of form and structure of privatization formula in the anonymous company “Albtelecom”**

Most important issues:

- Launches for sale to the third parties, by means of privatization process, 100% of shares of the company “Albtelecom” owned by the state.
- Orders the Regulatory Entity of Telecommunications to grant to Albtelecom Company the license for offering public mobile telephony service, terrestrial, according to GSM standard defining as well the main technical parameters of this service.
- Anticipates establishment of a new company which shall offer this service, whose shares shall be owned 100% by the company “ Albtelecom “ Sh.a , and makes it part of sale package during privatization of Albtelecom Sh.a offering to strategic investor 51-76 % , but not more than 76% of shares.
- Defines the form and privatization formula of shares
 1. 51% -76%, but not more than 76% of shares offered to strategic investors
 2. 3 % of shares is transferred free of payment to Albapost Sh.a.
 3. The remaining part shall be offered to the following subjects.
 - ex proprietors of land and buildings.
 - Employees of Albtelecom Company through the exchange of shares with privatization vouchers owned by them or their family members
 4. Remaining shares, point 3, shall be transferred through public offer and/or public auction.
 5. Strategic investors who shall buy shares according to point 1 have the right of pre purchase for the remaining shares, if so, after the usage of the formulae up to the point no.4, on condition that they can offer the same value of share, as the one anticipated in point 1. This right terminates one year after completion of procedure of shares transferring according to point 3 and 4.
 - Defines utilization of incomes from privatization of “Albtelecom” company.
 - Ministry of Economy and The Ministry of Transport takes charge of performing all the necessary procedures for international tender for the strategic investors with the assistance of a foreign consulting company.

III. Council of Ministers Decision No.228 “On the approval of sector development policy document for telecommunication in Republic of Albania” amended by Council of Ministers Decision no.615 date 2.11.2001, Council of Ministers Decision No. 692 date 27.12.2002 and Council of Ministers Decision No.464 date 3.7.2003.

Most important issues

General framework comprises long term intention of Albanian Government which is harmonized development of telecommunications infrastructure and its gradual enlargement all over the country in order to achieve:

- access in basic telephonic services with affordable prices,
- a wide range of modern services suitable to population,
- competition and selection for the users,
- customer care,
- gradual orientation of this sector toward strategies, procedures and EU standards, as part of a possible membership.

Mid term objectives anticipate accomplishment of following objectives.

- The number of operable telephone lines all over the country will be increased to 450,000 - 500,000 in year 2005.
- Provision of access to telecommunication services at rural areas.
- Provision of telecommunication services opened for private sector.
- Increase of service quality at international levels.
- Prices of public telecommunication services toward real values.
- Promotion of provision of new services.
- Implementation of policies of European Union in Telecommunication Sector.

The only way to attain those goals is complete privatization and liberalization of telecommunication market.

IV. Council of Ministers Decision No 653 date 21.11.2001 “On the selection criteria of strategic investors interested in acquisition of shares of anonymous company “ Albtelecom” changed by Council of Ministers Decision No. 419 date 2.7.2004

Most important issues:

- Defines open international tender with one phase, as tender form for selection of strategic investors.
- Defines the criteria to be met by strategic investors
- Invitation for tender shall be sent only to those investors that shall fulfill criteria defined in this decision.
- Documentation presented by strategic investors proving that they fulfill the criteria, must be official and legal.
- Consulting Company after analyzing the express of interest and after verifying their compliance with the criteria presents for approval to consulting and transparency committee the list of strategic investors.
- Orders the Ministry of Economy to outline the instructions regarding tender procedures.

V. Council of Ministers Decision No.416 date 2.7.2004 “On the determination of package size of the capital of Anonymous Company “Albtelecom” offered to strategic investors”

Most important issues:

- Defines that 76% of shares of Albtelecom sh.a will be offered to strategic investors.
- Identifies as part of package for sale even the company “Eagle Mobile” Sh.a which offers public mobile telephony service, whose shares are 100% owned by Albtelecom Sh.a.
- Ministry of Economy and Ministry of Transports take the charge for the application of this order.

VI. Council of Ministers Decision No. 417 date 2.7.2004 “ On the criteria of offers evaluation for privatization of Albtelecom Company.

Most important issues

- defines the criteria for evaluation of offers that shall be presented to strategic investors.
- Gives permission to the Ministry of Economy and the Ministry of Transport and Telecommunications regarding application of this order.
- **Law No. 8618 date 14.06.2000 “On telecommunication in Republic of Albania”**

Most important issues

- regulates telecommunication activity in the Republic of Albania and aims at protecting public interests and create transparency at regulatory level.
- defines the used terminology in telecommunications field
- defines long term objectives which are harmonized development of telecommunications infrastructure and its gradual expansion all over the country in order to attain :
 - access in telephonic services with favorable prices
 - a wide range of modern services utilizable by the whole population.
 - market liberalization, competition of services, and possibility for selection to the users.
 - customer care.
- Determines the General Directorate of Posts and Telecommunications as the structure which works in fulfillment of state objectives in telecommunications field.
- Determines the Regulatory entity of Telecommunications Regulatory Entity (ERT), as the regulating entity of telecommunications , which supervises the regulatory framework defined by Law and development policies defined by The Council of Ministers, defining even its competences.
- Clarifies telecommunication networks and services.
- Determines operators' rights and obligations
- Determines interconnection relations between operators.
- Regulates licensing relations of operators .
- Regulates the tariffs
- Regulates numeration
- Regulates radio communications
- Regulates ERT functioning
- Anticipates supervision and defines administrative measures.

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MAIN INVESTMENT

ALBTELECOM ORGANIZATION

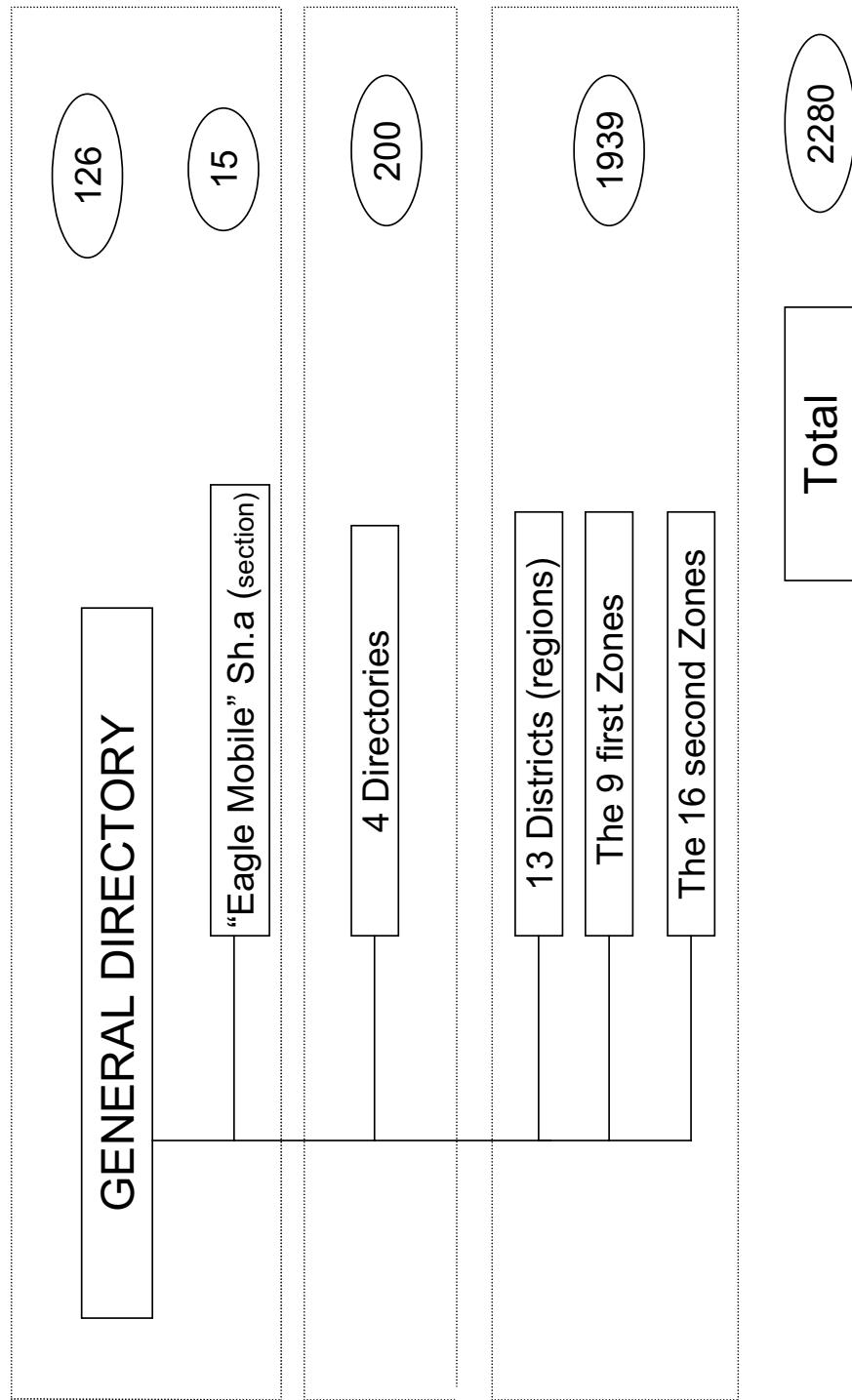
Headquarter (General Directory) composed by one General Director and three Deputy General Directors ruling the centralized Technical, Economical and Legal fields.

Five directories responsible of National and International Transit Functions, Warehouse, New services, Supervision and Billing, Eagle Mobile.

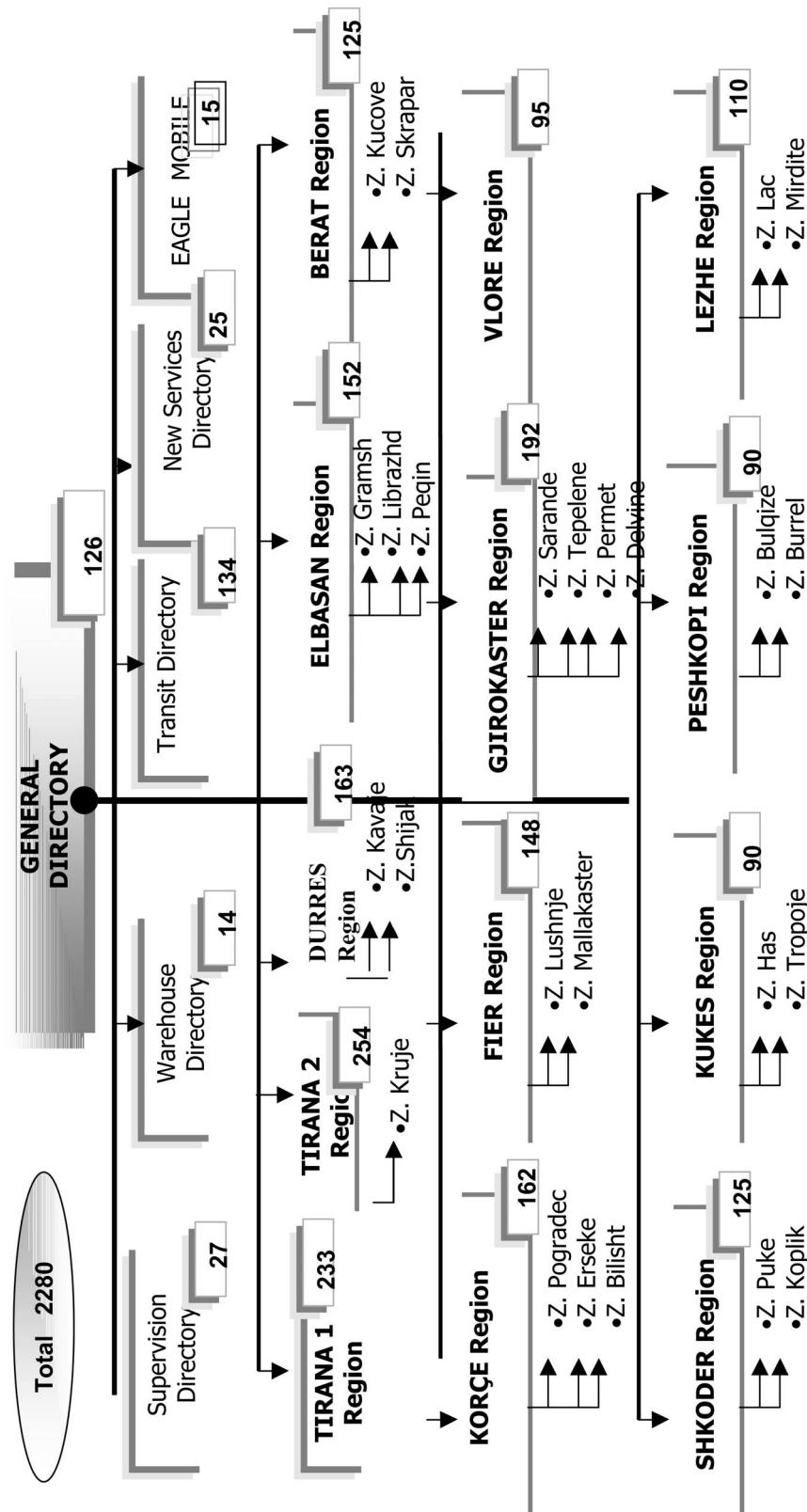
13 Districts (regions), corresponding to the 13 administrative regions existing in Albania, each of which covers several Zones and Branches

25 Branches corresponding to the local administration

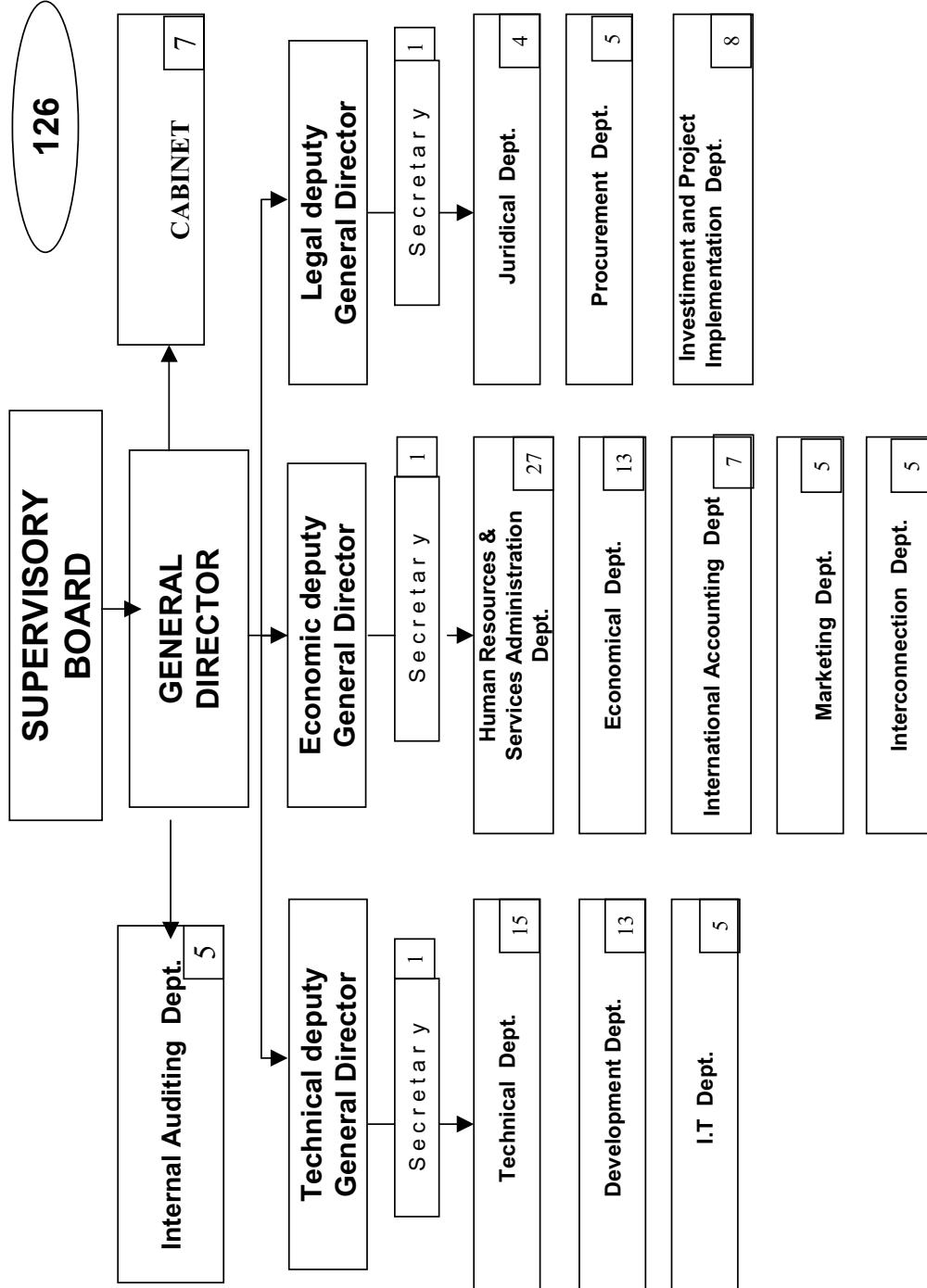
ORGANIZATION STRUCTURE AND NUMBER OF EMPLOYEES YEAR 2004



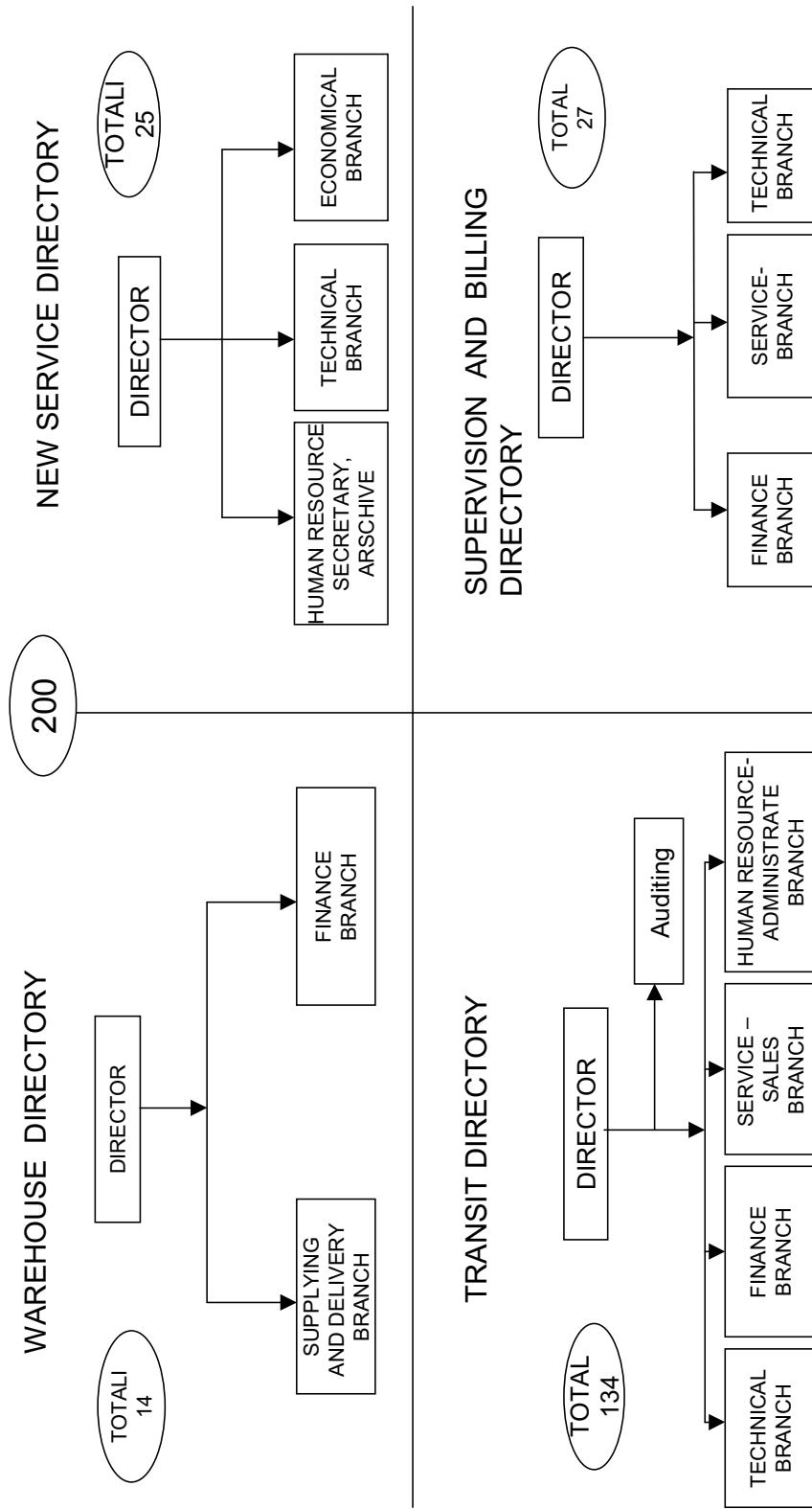
ALBTELECOM SH.A. ORGANIZATION SCHEME YEAR 2004



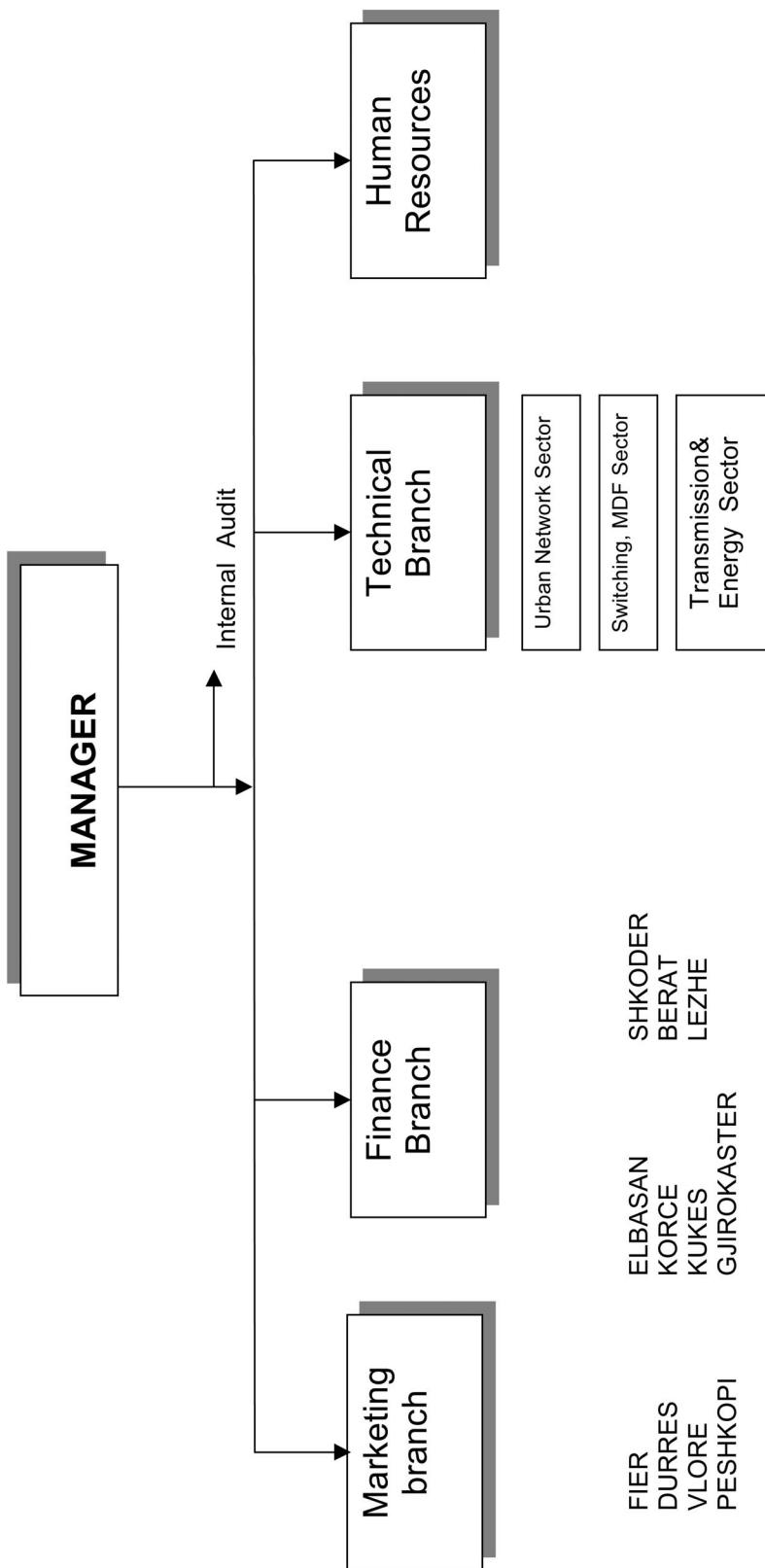
ALBTELECOM SH.A. ORGANIZATION SCHEME YEAR 2004



DIRECTORIES ORGANIZATION SCHEME OF ALBTELECOM -2004



ORGANIZATION STRUCTURE OF ALBTELECOM REGIONS



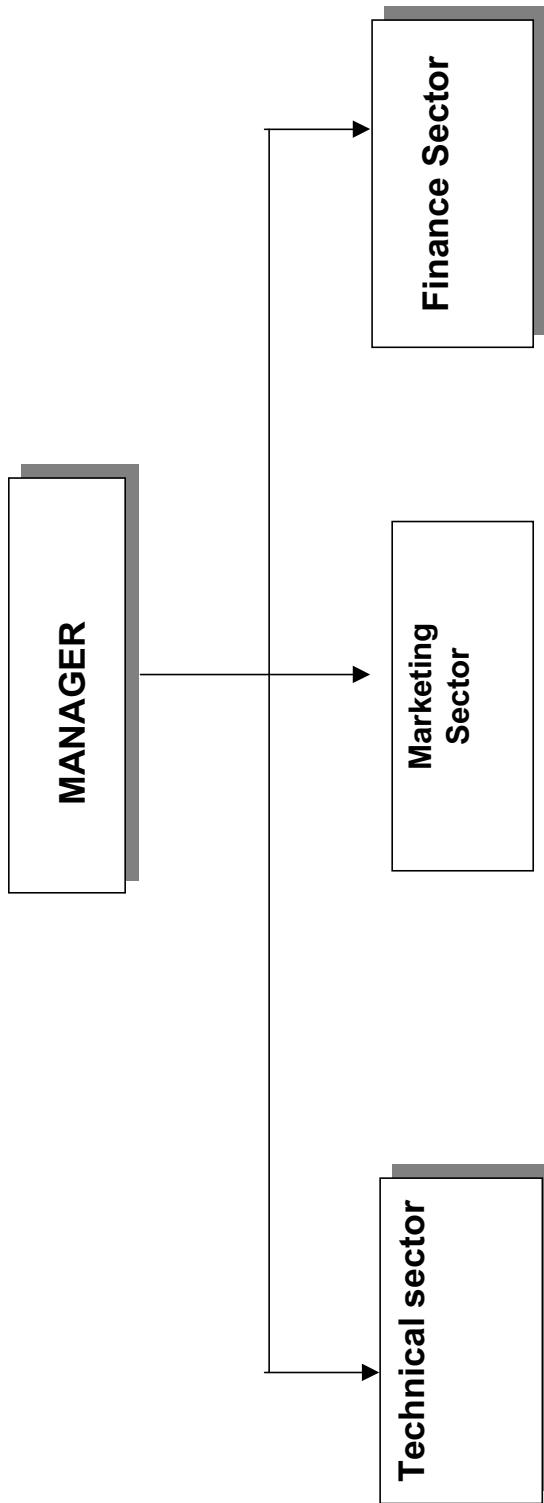
REGIONS- STRUCTURE AND RESOURCES

Nr.	Districts	Manager/ v-manager	Human resources	Auditing	Technical	Finance	Investment	Marketing	Total
1	Fier	1	7	1	65	12	1	8	95
2	Durres	1	6	1	75	12	1	8	104
3	Elbasan	1	7	1	66	12	1	8	96
4	Korçë	1	6	1	60	12	1	7	88
5	Shkoder	1	6	1	55	10	1	7	81
6	Vlore	1	7	1	67	10	1	8	95
7	Gjirokaster	1	6	1	56	7	1	7	79
8	Berat	1	6	1	55	6	1	7	77
9	Kukës	1	5	1	41	5	1	5	59
10	Lezhe	1	5	1	41	5	1	5	59
11	Peshkopi	1	5	1	40	5	1	5	58
12	Tirana 1	2	15	1	124	48	3	40	233
13	Tirana 2	2	14	1	116	48	3	34	218
	Total	15	95	13	861	192	17	149	1342

ONES OF THE 1ST AND 2ND CATEGORIES STRUCTURE AND RESOURCES

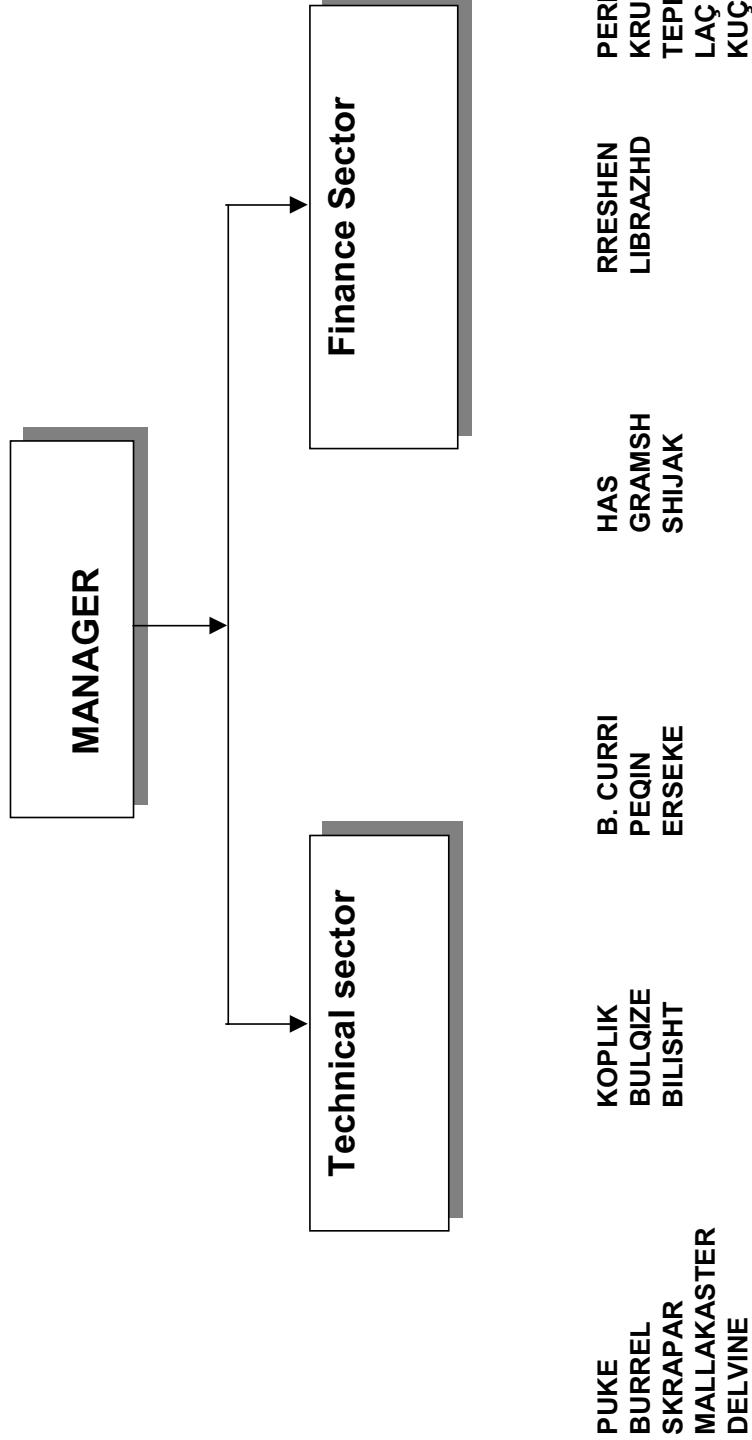
Zones	category	Director	Finance	Service and sale	Technics	Human Resources and Administration	Total
Has	Category II	1	2		5	3	11
Tropoje	Category II	1	2		13	4	20
Puke	Category II	1	3	3	15	5	24
Koplik	Category II	1	3		10	3	17
Burrel	Category II	1	2		11	3	17
Bulqize	Category II	1	2		9	3	15
lac	Category I	1	4	4	18	4	31
Mirdite	Category II	1	3		13	3	20
Shijak	Category II	1	2		14	3	20
Kavaje	Category I	1	4	4	26	4	39
Gramsh	Category II	1	2		9	3	15
Librazhd	Category II	1	3		16	4	24
Pegin	Category II	1	2		12	2	17
Lushnje	Category I	1	4	4	27	3	39
Mallakaster	Category II	1	2		8	3	14
Kucove	Category I	1	3	3	17	4	28
Skraper	Category II	1	3		12	4	20
Pogradec	Category I	1	3	4	27	3	38
Erseke	Category II	1	3		14	4	22
Bilisht	Category II	1	2		8	3	14
Sarande	Category I	1	4	4	30	3	42
Tepelene	Category I	1	3	3	17	4	28
Delvine	Category II	1	2		10	3	16
Permet	Category I	1	3	3	17	3	27
Kruje	Category I	1	3	4	24	4	36
Total		25	69	33	382	85	594

THE 1ST CATEGORY BRANCH STRUCTURE

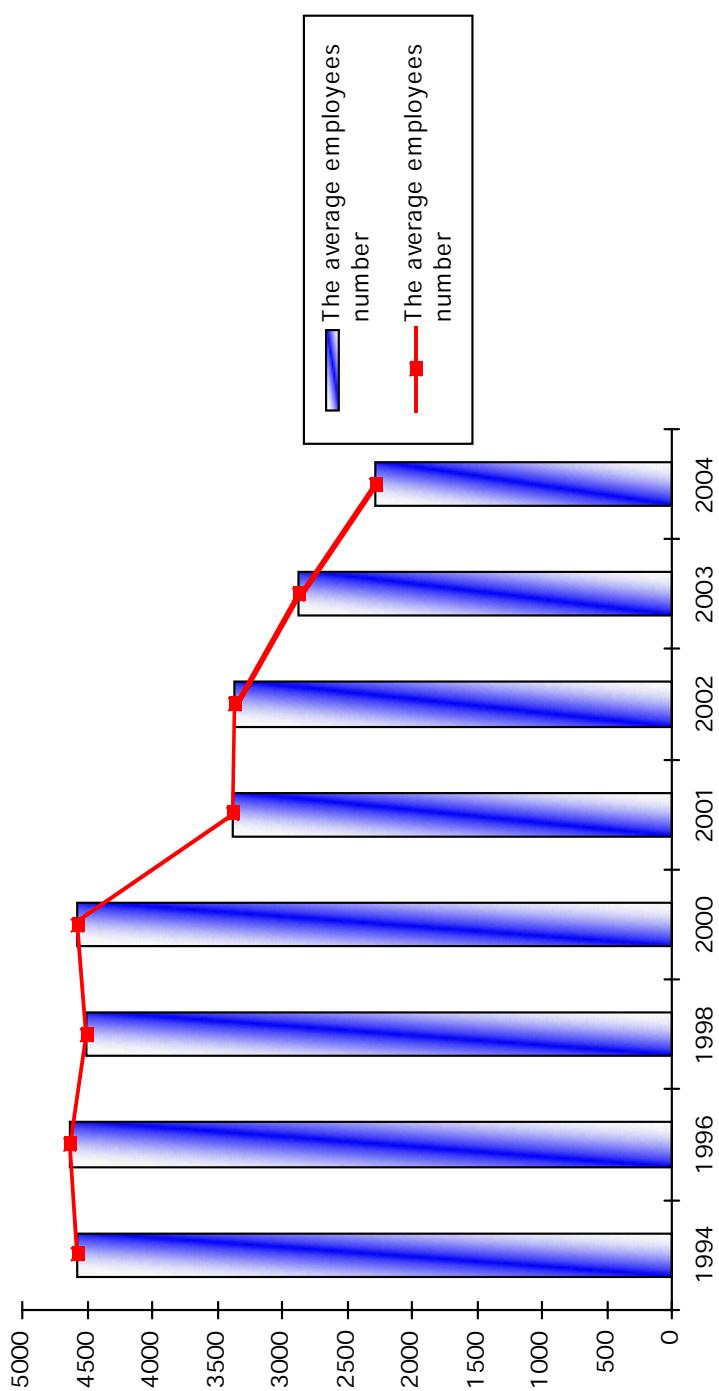


KAVAJE
SARANDE
LUSHNJE
POGRADEC

THE 2ND CATEGORY BRANCH STRUCTURE



THE AVERAGE EMPLOYEES NUMBER OF ALBTELECOM SH.A OVER THE YEARS



ALBTELECOM EMPLOYEES - 2004

	NUMBER
Managers	323
Workers	349
Graduated Specialists	417
Technical Specialists	1038
Employees	153
Total	2280

ORGANIZATION TOP MANAGEMENT

<u>ROLE</u>	<u>NAME</u>	<u>phone/fax</u>
Head of Supervisory Board	Ilir Ciko	+355 4 364 633/364 639
General Director	Ferhat Llukacaj	+355 4 264 648/233 323
Technical Vice General Director	Vojo Spahiu	+355 4 274 532/233 323
Economical Vice General Director	Et'hem Shahu	+355 4 253 311/233 323
Legal Vice General Director	Alfred Rushaj	+355 4 240 922/233 323

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MAIN INVESTMENT

SUMMARY

- We have analyzed the Balance Sheet and Income Statement of Albtelecom for the years 1995-99 which have been prepared on the basis of Albanian Accounting Principles and have been audited in accordance with International Accounting Standards by Deloitte & Touche, and the period of 2000-2003 which have been prepared on the basis of Albanian Accounting Principles.
- Total Receivables have increased substantially from 1998 while among Receivables Accounts Receivables have decreased from 30% of Total Sales in 1996-97 to around 20% in 1998-99:
 - The outstanding debt of the Albanian Television for Eutelsat services channelled through Albtelecom has been stated for the first time in 1998; in 1999 it amounted to 906 Mln Leke, and accordingly to the Auditors it is likely to be overstated as a reduction in Debt toward Eutelsat for 523 Mln Leke was still to be registered. Starting from the year 2000 Albtelecom is not a participant of Eutelsat. Formal confirmation is requested in order to make possible exclusion by COUNTABILITY OF THE INVESTED CAPITAL in Eutelsat. It has a value of 203 mln leke.
 - Receivables from international operators amount in 1999 to 1,320 Mln Leke while in 1998 international traffic balance was negative for 412 Mln Leke and therefore was registered in Payables 2000-2003 there is a decrease in the number of international debtors of as a result of the external debt issue on 2003.
 - On the decision of the Ministry of Economy the External Debt was considered as EXTRAORDINARY expense in the balance sheet of 2003. Value of this debt was nearly 14.8 mln dollar.
- 2000-2003 except of 2001 the number of national debtors was reduced. This as result of policies applied in the field of marketing.
- Total Inventory main changes over time have been given mainly by changes in Finished Goods which refer to products located at the warehouse at the end of year waiting to be dispatched to Districts and Branches, and once delivered they are moved to Fixed Assets.

- Long Term Assets have increased from 1,095 Mln Leke in 1995 to 10,558 Mln Leke in 1999 as consequence of investments and for monetary revaluation:
 - Albtelecom has revalued the assets purchased prior to January 1, 1993 by a coefficient of 3.8 initially, and subsequently in the 1997 Balance Sheet by a coefficient of 2.502
 - Assets purchased between 1993 and 1997 have been revalued in 1997 Balance Sheet by a coefficient of 9.507
 - Fixed Assets in Progress relate to Local Loop Work in Progress which have been tested and validated for 5.3 Mln Leke in 1999 have been moved to Machinery, Plant & Network
 - Long term Assets have increased from 10.058 mln lek in 1999 to 14.094 mln lek in 2003.
- Financial Investments refer only to Eutelsat Holding which has been reported in terms of cash payment in 1995 and 1996, and it has been revalued in 1998 in terms of fraction of Eutelsat net worth. RECALCULATED VALUE of this investment is 203 mln leke . This value is in the balance sheet of the company . Its procedure is under completion.
- Reserves have decreased from 978.4 Mln Leke in 1995 to 714,4 Mln Leke in 1997 as the net result of a shift of Development Reserve and other reserves to Equity and the establishment of a revaluation reserve for 594 Mln Leke; This was increased up to 506 mln leke in 2002, whereas development reserve at the end of 2003 is at the value of 1.627 leke.
- Share Capital has increased from 1995 to 1999 as consequence of a shift of Legal Reserves and other provisions to Equity in 1997 and reevaluations of 1993 and 1997.
- The share capital was increased from 9.450 mln leke in 1997 to 17.400 in the year 2001. This share capital has been reduced to a non considerable value in 2002 of nearly 17. 336 mln leke as result of transferring the offices from Albtelecom to Albanian Post.

- Total Revenues have increased from 2,902 Mln Leke in 1995 to 9,826 Mln Leke in 1999 at a rate per year of 36%; they include starting from 1998 internal revenues for Inventory Items delivered by the warehouse (BFT) to the Branches which on the other side are counterbalanced in P&L by internal costs of the Branches (731 Mln Leke in 1998 and 516 Mln Leke in 1999)
- Costs of Supplies, Services and Others have increased from 1,122 Mln Leke in 1995 to 3,793 Mln Leke in 1999 at 36% growth rate per year while Personal Costs have increased at the lower rate of 28.
2000-2003 incomes by telephonic service were increased from 9.153 mln Leke in 2000 to 12.171 mln Leke
- Operative Services for the year 2000 were 5.015 mln Leke. During 2003 they have been increased at the measure of 9.522 Leke.
- Expenses regarding the employees were reduced from 2002 until the year 2003. At the end of 2003 expenses regarding the cost of employees are 1.405 mln Leke. This is a result of reform of reductions in number of employees.
By taking into account Depreciation, Financial and Extraordinary Items and Taxation Net Income from 708 Mln Leke in 1995 has reached 3,217 Mln Leke in 1999 with a rate of growth per year of 46%
- Expenses from depreciation and from financial expenses and the extraordinary ones for the period 2000-2003 were increased mainly by doubling the amortization norms for fixed assets (2001-2003) and the fact of including in the result of 2002 the obligations of the value of 1.263 mln Leke, and for the year 2003 the external debt at the value of 1.463 mln Leke.

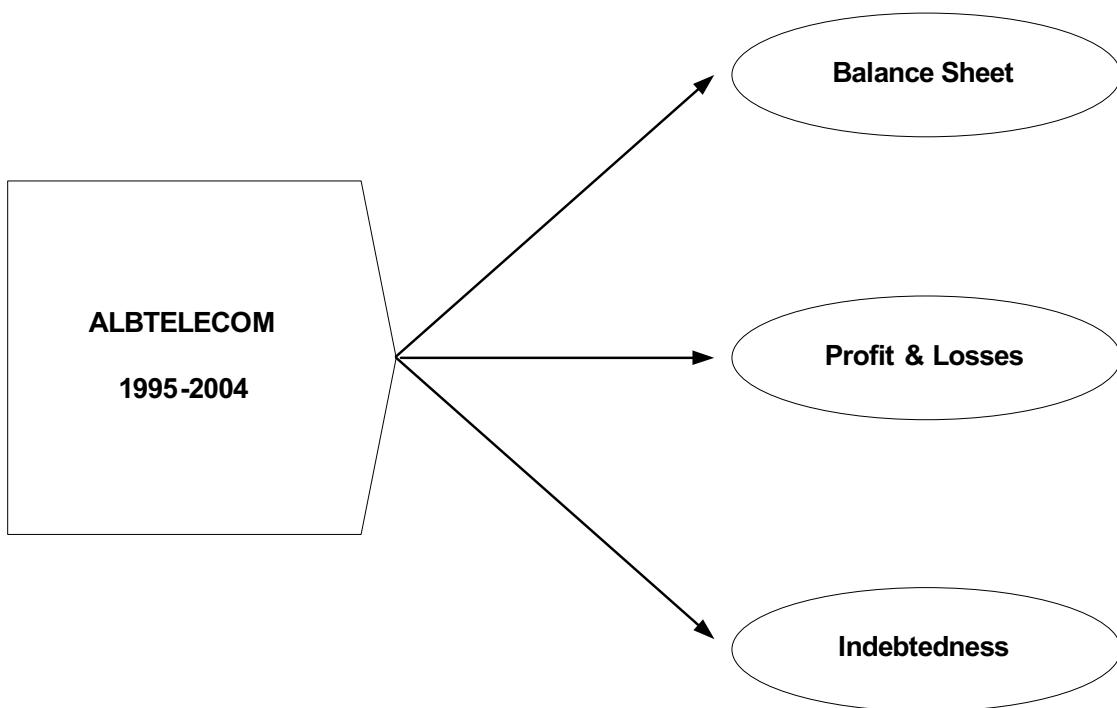
The main figures realized in first 6-months of 2004 are:

Total revenues 6,276 Mln Leke
Total expenses 5,200 Mln Leke
Profit (pre taxes) 1,076 Mln Leke

The expected figures for year 2004 are:

Total revenues 13,600 Mln Leke
Total expenses 11,430 Mln Leke
Profit (pre taxes) 2,170 Mln Leke

ECONOMY OF COMPANY



BALANCE SHEETS 1995-99* - THOUSAND OF LEKE

	1995	1996	1997	1998	1999
Accounts Receivable	423,287	1,134,438	1,645,876	1,378,681	2,020,437
Receivables - Staff	2,425	3,876	3,984	42,586	48,025
Other Receivables	215,186	712,426	799,045	3,945,256	5,352,589
Total Net Receivables	640,898	1,850,740	2,448,905	5,366,523	7,421,051
Raw Materials & Consumables	35,855	68,123	117,320	139,717	140,642
Finished Goods	116,952	647,448	430,456	192,572	320,949
Inventory Materials & Supplies	6,105	22,556	25,173	31,023	31,077
Provision for slow moving or obsolete inventories			-99,944		
Total Inventory	158,912	738,127	473,005	363,312	492,668
Deferred Costs	449	336	21,773	277	1,020
Total Other Assets	449	336	21,773	277	1,020
TOTAL CURRENT ASSETS	800,259	2,589,203	2,943,683	5,730,112	7,914,739
Accrued Expenses	13,324	700	11,414	1,283	1,125
Other Accounts Payable	1,146,516	1,389,949	1,368,327	2,088,221	1,383,315
Accrued Payroll	16,185	18,976	17,972	19,534	15,223
Accrued Taxes	129,211	-150,526	0	0	0
Accrued Employee Social Security	15,813	25,931	40,391	31,162	28,287
Long Term Loans - Current Portion	78,302	45,747	83,333	83,333	83,334
Total Accounts Payable and Others	1,399,351	1,330,777	1,521,437	2,223,533	1,511,284
TOTAL CURRENT LIABILITIES	1,399,351	1,330,777	1,521,437	2,223,533	1,511,284
NET WORKING CAPITAL	-599,092	1,258,426	1,422,246	3,506,579	6,403,455

* Deloitte & Touche Audited Accounts and Albtelecom Finance Department

BALANCE SHEET 2000-2003

		2000	2001	2002	2003
1	Accounts Receivables	2,078,076	2,826,632	2,725,328	2,682,466
2	Receivables	167,219	180,500	177,016	6,310
3	Other Receivables	4,448,377	6,902,695	10,350,396	8,525,947
4	Provision for slow moving or obsolete inventories	(209,928)	(209,052)	(818,551)	(1,034,722)
	Total Net Receivables	6,483,744	9,700,775	12,434,189	10,180,001
1	Raw Materials & Consumables	175,999	186,547	189,574	221,142
2	Finished goods	319,984	428,816	407,712	393,282
3	Inventory materials & Supplies	35,042	45,882	48,295	72,439
4	Provision for slow moving or obsolete inventories	-	-	-	(27,623)
	Total inventory	531,025	661,245	645,581	659,240
	Deferred costs				
	Total other assets				
	TOTAL CURRENT ASSETS	7,014,769	10,362,020	13,079,770	10,839,241
	Accrued Expenses	76,768	97,166	88,123	17,654
	Other Accounts Payable	2,222,976	6,055,377	11,183,095	9,199,437
	Accrued Payroll	22,680	27,599	18,542	16,133
	Accrued Taxes	(490,403)	16,037	11,382	91,325
	Accrued Employee social security	39,962	34,361	42,231	31,475
	Long term lons- Current portion	617,551	717,551	148,762	105,450
	Total Accounts Payable and Others	2,489,534	6,948,091	11,492,135	9,461,474
	Total Current Liabilities	2,489,534	6,948,091	11,492,135	9,461,474
	Net Working Capital	4,525,235	3,413,929	1,587,635	1,377,767

BALANCE SHEETS 1995-99* - THOUSAND OF LEKE

	1995	1996	1997	1998	1999
Intangibles	0	5,186	5,186	5,186	5,186
Accumulated Depreciation	0	-3,002	-4,101	-4,798	-4,313
Total Net Intangible Assets	0	2,184	1,085	388	873
Land & Buildings	190,124	227,861	945,927	1,115,661	1,216,690
Machinery, Plant & Network	357,364	2,332,903	4,181,288	4,736,672	11,003,801
Office equipment & other	28,340	122,989	175,128	292,784	388,008
Accumulated Depreciation	-304,243	-1,204,313	-1,662,283	-2,028,850	-3,546,830
Fixed Assets in Progress*	823,766	2,416,570	4,836,831	6,683,759	1,497,069
Total Fixed Assets	1,095,351	3,896,010	8,476,891	10,800,026	10,558,738
TOTAL LONG TERM ASSETS	1,095,351	3,896,010	8,476,891	10,800,026	10,558,738
Financial Investments	19,302	19,566	19,606	203,434	203,435
NET CAPITAL INVESTED	515,561	5,176,186	9,919,828	14,510,427	17,166,501
Long Term Loans	294,032	1,278,855	1,368,817	2,540,183	2,138,016
Trade Payable					77,705
LONG TERM LIABILITIES	294,032	1,278,855	1,368,817	2,540,183	2,215,721
Cash at Banks	3,019,180	2,274,345	1,609,150	1,109,818	988,243
Cash on Hand	6,674	25,437	26,557	6,157	139,398
Total Cash	3,025,854	2,299,782	1,635,707	1,115,975	1,127,641
TOTAL NET INDEBTNESS	-2,731,822	-1,020,927	-266,890	1,424,208	1,088,080

* Deloitte & Touche Audited Accounts and Albtelecom Finance Department

BALANCE SHEETS 2000-2003 - THOUSAND OF LEKE

	2000	2001	2002	2003
Intangible	5,700	5,923	12,283	12,475
Accumulated Depreciation	(5,276)	(5,368)	(10,196)	(11,950)
Total Net Intangible Assets	424	555	2,087	525
Land & Buildings	1,314,704	1,640,654	1,762,325	1,802,203
Machinery, Plant & Network	11,400,185	16,319,966	17,174,453	17,598,928
Office equipment & other	446,593	540,604	551,245	578,746
Accumulated Depreciation	(4,269,705)	(4,917,330)	(6,412,847)	(8,004,718)
Fixed Assets in Progress	3,025,575	1,392,644	1,702,862	2,119,604
Total Fixed Assets	11,917,352	14,976,538	14,778,038	14,094,763
TOTAL LONG TERM ASSETS	11,917,776	14,977,093	14,780,125	14,095,288
Financial Investments *	203,435	203,435	203,435	203,435
Long Term Loans**	1,654,909	1,399,439	1,378,682	1,124,888
Trade Payable	76,768	97,166	88,123	17,654
LONG TERM LIABILITIES	1,731,677	1,496,605	1,466,805	1,142,542

* Including participation in Eutelsat

** Including loans of EBRD and Italian government

BALANCE SHEETS 1995-99* - THOUSAND OF LEKE

	1995	1996	1997	1998	1999
Share Capital	759,346	2,440,486	9,450,000	9,450,000	9,450,000
Legal Reserve	67,739	107,622	0	0	114,840
Provision for Unforeseen Events	93,060	319,123	0	0	0
Retained Earnings	0	0	0	2,466,949	3,216,892
Year End Net Profit (Loss)	708,836	842,646	0	0	0
Total Capital and Legal Reserve	1,628,981	3,709,877	9,450,000	11,916,949	12,781,732
Development reserve	843,592	1,375,962	0	0	1,952,371
Personnel Reserve	29,131	117,313	110,000	27,527	23,986
Social aid reserves	17,879	17,577	10,560	9,806	5,350
Revaluation reserves			594,384	594,384	778,777
Other	87,800	132,384	0	0	0
Total Reserves	978,402	1,643,236	714,944	631,717	2,760,484
Investment subsidies	640,000	844,000	21,774	537,553	536,205
INVESTMENT OF CAPITAL	515,561	5,176,186	9,919,828	14,510,427	17,166,501

* Deloitte & Touche Audited Accounts and Albtelecom Finance Department

BALANCE SHEET 2000-2003

		2000	2001	2002	2003
1	Share Capital	9,450,000	17,400,000	17,366,000	17,366,000
2	Legal Reserve	275,684	411,013	506,752	-
3	Provision for Unforeseen Events				
4	Retained Earnings				
5	Pre taxes year profit *	3,866,544	2,698,388	731,784 **	991,700 ***
6	Year profit	3,866,544	2,698,388	110,010	538,846
	Total Capital and Legal Reserve	12,432,265	19,725,796	17,982,762	17,904,846
1	Development Reserve	4,365,040	-	1,627,566	1,627,566
2	Personnel Reserve	24,112	-		
3	Social aid reserve	5,350	-		
4	Revolution reserve	594,384	1,068	615	615
5	other	184,393	184,393	184,393	184,393
	Total Reserves	5,173,279	185,461	1,812,574	1,812,574
	Investment subsidies	4,155	4,093	17,407	17,704
	INVESTMENT OF CAPITAL				

*The brut profit without taxes effect
** Are not included unknown expenses (extraordinary expenses, provisions, etc.)

FIXED ASSETS 1995-2000 - THOUSAND OF LEKE*

	1995	1996	1997	1998	1999
Land & Buildings	190.124	227.861	945.927	1.115.661	1.216.690
Machinery, Plant & Network	357.364	2.332.903	4.181.288	4.736.672	11.003.801
Other Assets**	28.340	122.989	175.128	292.784	388.009
Accumulated Depreciation	-304.243	-1.204.313	-1.662.283	-2.028.850	-3.546.832
Fixed Assets in Progress	823.766	2.416.570	4.836.831	6.683.759	1.497.070
Total Fixed Assets	1.095.351	3.896.010	8.476.891	110.800.026	10.558.74101

Increase in Net Fixed Assets for investment achieved but also for the 1997 Monetary
Revaluation

Decrease of Fixed Assets in Progress in 1999 as work in progress on networks for 5.3
Mil/Leke has moved to Machinery, Plant & Network after testing:

- Local loop of Tirana and other 14 towns:
 - Optical fiber:
 - Submarine optical fiber from Bari to Durres:
 - Submarine optical fiber Durres- Corfu- Croatia :
- | |
|--------------------|
| 3.2 Min/Leke |
| 1.4 Min/Leke |
| 0.5 Min/Leke |
| <u>0.2Min/Leke</u> |
| 5.3Min/Leke |

*Source: Albtelecom Finance Department and D&T report on years 1997-1999.

**It includes office equipment and vehicles.

FIXED ASSETS 2000- 2003 - THOUSAND OF LEKE

	1995	1996	1997	1998	1999
Share Capital	759,346	2,440,486	9,450,000	9,450,000	9,450,000
Legal Reserve	67,739	107,622	0	0	114,840
Provision for Unforeseen Events	93,060	319,123	0	0	0
Retained Earnings	0	0	0	2,466,949	3,216,892
Year End Net Profit (Loss)	708,836	842,646	0	0	0
Total Capital and Legal Reserve	1,628,981	3,709,877	9,450,000	11,916,949	12,781,732
Development reserve	843,592	1,375,962	0	0	1,952,371
Personnel Reserve	29,131	117,313	110,000	27,527	23,986
Social aid reserves	17,879	17,577	10,560	9,806	5,350
Revaluation reserves			594,384	594,384	778,777
Other	87,800	132,384	0	0	0
Total Reserves	978,402	1,643,236	714,944	631,717	2,760,484
Investment subsidies	640,000	844,000	21,774	537,553	536,205
INVESTMENT OF CAPITAL	515,561	5,176,186	9,919,828	14,510,427	17,166,501

* Deloitte & Touche Audited Accounts and Albtelecom Finance Department

P&L 1995-99 - THOUSAND OF LEKE

	1995	1996	1997	1998	1999
Income from sale of service*	2,901,891	3,684,269	5,167,742	6,374,343	9,006,851
Other Operating Revenues**	568	60,387	60,775	1,022,101	819,911
Total Operating Revenues	2,902,459	3,744,656	5,228,516	7,396,444	9,826,762
Supplies expense***	-55,798	-85,652	-86,799	-899,359	-727,728
Service expense****	-1,066,022	-1,256,708	-1,506,026	-2,892,432	-2,676,877
Bad debt expense	0	0	0	0	-209,928
Other operating expenses	0	0	321,875	-182,232	-178,797
Total Cost of Goods Sold	-1,121,820	-1,342,360	-1,914,700	-3,974,023	-3,793,330
VALUE ADDED	1,780,639	2,402,296	3,313,816	3,422,421	6,033,432
Payroll Expenses	-302,779	-483,338	-634,630	-640,012	-867,816
Social Securities	-100,567	-153,522	-168,177	-195,340	-231,827
Personnel Cost*****	403,346	-636,860	-802,807	-835,352	-1,099,843
Capitalized costs of self constructed assets	0	0	0	42,306	38,603
TOTAL COSTS	-1,463,975	-1,979,220	-2,717,507	-4,767,069	-4,854,370
EBITDA	1,377,293	1,765,436	2,511,009	2,629,375	4,972,392

Source: Deloitte & Touche Audited Balance Sheet and Albtelecom Finance department

*It includes in 1997 173.5 Mln Leke related to the Activation Fees for the years 1995/96 (1995: 17.3 Mln Leke; 1996: 156.2 Mln Leke) previously inserted in reserves and 304.9 Mln Leke for 1997 Activation Fees

** It includes in 1995, 1996 and 1997 revenues for maintenance and services; in 1998 and 1999 in addition Activation Fees (267.6 and 293.1 Mln Leke) and internal revenues of the Warehouse for deliveries to the Branches (731.1 and 516.5 Mln Leke); values of internal revenues reported according to Albtelecom Finance Department data

***It includes in 1998 and 1999 costs of the Branches for items shipped and internally billed by the Warehouse

****It includes in 1998 996 Mln of Leke for services of Eutelsat rendered to state television TVSH in 1993/98

*****Detailed data for 1997 and 1998 provided from Albtelecom Finance department

P&L 2000-2003 THOUSAND OF LEK

		2000	2001	2002	2003
1	Income for sale of service	9,153,110	13,309,161	13,610,715	12,171,976
2	Other operating revenues	830,701	105,270	135,462	104,532
1	Total Operating Revenues	9,983,811	13,414,431	13,746,177	12,276,508
1	Supplies expense	(919,765)	(409,556)	(434,498)	(282,215)
2	Service expense	(2,505,559)	(6,369,528)	(8,904,288)	(7,590,433)
3	Bad debt expense	-	-	(609,499)	(215,298)
4	Other operating expenses	(150,507)	(482,390)	(62,364)	(29,431)
II	Total Cost of Goods Sold	(3,575,831)	(7,261,474)	(10,010,649)	(8,117,377)
	VALUE ADDED	6,407,980	6,152,957	3,735,528	4,159,131
1	Payroll Expenses	(1,138,705)	(1,412,379)	(1,466,320)	(1,115,309)
2	Social Securities	(300,768)	(315,730)	(327,721)	(290,287)
1	Personnel Cost	(1,439,473)	(1,728,109)	(1,794,041)	(1,405,596)
	Capitalized costs of self constructed assets	-	-	-	-
	TOTAL COSTS	(5,015,304)	(8,989,583)	(11,804,690)	(9,522,973)
	ebitda	4,968,507.0	4,424,848.0	1,941,487.0	2,753,535.0

P&L 1995-99 - THOUSAND OF LEKE

	1995	1996	1997	1998	1999	CAGR
Depreciation on Fixed Assets	-58,287	-458,616	-265,752	-382,346	-762,017	90%
EBIT	1,319,006	1,306,820	2,245,257	2,247,029	4,210,375	34%
Interest Income	33,422	59,251	32,157	41,187	20,438	-12%
Interest Expense	-13,176	-81,471	-71,532	-91,592	-124,202	75%
Other Financial Income*	0	0	0	1,036,125	46,756	
Other Financial Expense	-2,660	0	0	-31,222	-12,590	47%
Net Interest Income (Expense)	17,586	-22,220	-39,375	954,498	-69,598	
PRE-TAX AND EXTRAORDINARIES	1,336,592	1,284,600	2,205,882	3,201,527	4,140,777	33%
Exchange Rate Gains	65,997	5,255	292,349	290,614	11,413	-36%
Exchange Rate Loss	-21,253	-81,595	-373,467	-211,001	-389,009	107%
Extraordinary Income**	3,469	0	0	0	1,586,438	362%
Extraordinary Expenses***	-2,894	0	0	0	-754,059	
D&T Adjustment	-330,000	0	0	0	0	
Extraordinary	-284,681	-76,340	-81,118	79,613	454,783	
PRE-TAX	1,051,911	1,208,226	2,124,764	3,281,140	4,595,560	45%
Income Tax	-341,852	-361,134	-637,430	-984,342	-1,378,668	42%
Property Tax	-1,223	-4,480	0	0	0	-100%
Taxes	-343,075	-365,614	-637,430	-984,342	-1,378,668	42%
NET INCOME	708,836	842,646	1,487,334	2,296,798	3,216,892	46%

Source: Deloitte & Touche Audited Balance Sheet and Albtelecom finance department

*Income in 1998 for the service provided to TVSH from 1993 to 1998 through Eutelsat; service not delivered in 1999, it refers to rentals and other revenues from maintenance

**International traffic income for the years 1993-1998 not previously recorded

***In 1999 depreciation on work in progress which has been moved to fixed assets after testing; it has been previously partly operational and needed depreciation

P& L 2002- 2003

	P&L 2002-2003	2000	2001	2002	2003
1	Depreciation on Fixed assets	(716,929)	(1,087,589)	(1,737,981)	(1,615,305)
	EBIT	4,251,578	3,337,259	203,506	1,138,230
1	Interest income	13,268	6,436	7,006	8,627
2	Interest expense	(81,072)	(123,528)	(66,576)	(56,976)
3	Other financial income	59,792	44,305	48,282	-
4	other financial expense	(24,336)	(72,664)	(33,553)	-
5	net Interest Income (Expense)	(32,348)	(145,451)	(44,841)	(48,349)
	Pre-TAX AND EXTRAORDINARIES	4,219,230	3,191,808	158,665	1,089,881
1	EXCHANGE Rate Gains	115,222	31,217	97,460	22,890
2	Exchange Rate Loss	(356,413)	(511,252)	(90,899)	(565,639)
3	Extraordinary Income				
4	Extraordinary Expenses			(1,263,420)	(1,463,072)
5	D&T Adjustment				
6	Extraordinary	(241,191)	(480,035)	(1,146,849)	(2,222,608)
	PRE-TAX	3,866,544	2,698,388	110,010	538,846
1	Income tax	(1,159,963)	(783,604)	(182,946)	(247,925)
2	Property tax	(111,492)	(13,382)	(8,551)	(8,633)
	TAXES	(1,271,455)	(796,986)	(191,497)	(256,558)
	NET EXPENSES				

LONG TERMS LOANS - EBRD, ITALIAN GOVERNMENT

EBRD LOAN (000 USD)					
Year	Borrow.	Outs Principal.	REIMBURSEMENT		
			Principal	Interest	Total
1994	173.4	173.4			
1995	3788.3	3,961.7		83.9	83.9
1996	5877	9,005.4	833.3	346.3	1,179.6
1997		8,172.1	833.3	665.3	1,498.6
1998		7,338.7	833.3	647.4	1,480.7
1999		6,505.4	833.3	553.4	1,386.7
2000		5,672.1	833.3	524.5	1,357.8
2001		4,838.8	833.3	469.1	1,302.4
2002		4,005.5	833.3	242.5	1,075.8
2003		2,755.4	1,250.1	205.5	1,455.6
2004 (1 st 6 months)		2,338.7	416.7	47.6	464.3
TOTAL	9,838.7	2,338.7	7,499.9	3,785.5	11,285.4

- * Utilized 9,8 Mln USD out of agrees amount of 10 Mln USD.
- * Interest payable every 6MM at Telerate page 3750 plus 2.25 %.
- * Principal outstanding 2.34 Mln USD

ITALIAN GOVERNMENT LOAN (000 Euro)					
Year	Borrow.	Outs Principal.	REIMBURSEMENT		
			Interest	Total	
1994					
1995	685.5	685.5	-	-	
1996	1,332.0	2,017.5	6.5	6.5	
1997	3,498.1	5,515.6	24.5	24.5	
1998	833.1	6,348.7	56.9	56.9	
1999	57.0	6,405.7	63.4	63.4	
2000	-	6,405.7	32.0	32.0	
2001	403.1	6,808.8	65.6	65.6	
2002	-	6,808.8	68.1	68.1	
2003	-	6,808.8	68.1	68.1	
2004 (1 st 6 months)	-	6,808.8	34.0	34.0	
TOTAL	6,808.8	6,808.8	419.0	419.0	

- * Utilized 6.808 Mln Euro (or 13,18 Bln Liras) of agreed amount of 6.854 Mln Euro (or 13,27 Bln Liras)
- * Interest payable every 6MM at rate of 1% per year
- * Principal reimbursement in 36 equal semi -annual installments starting in 2007.

INDEBTEDNESS OF ACCOUNT RECEIVABLES UNTIL 2004 (MILLIONS OF LEKE)

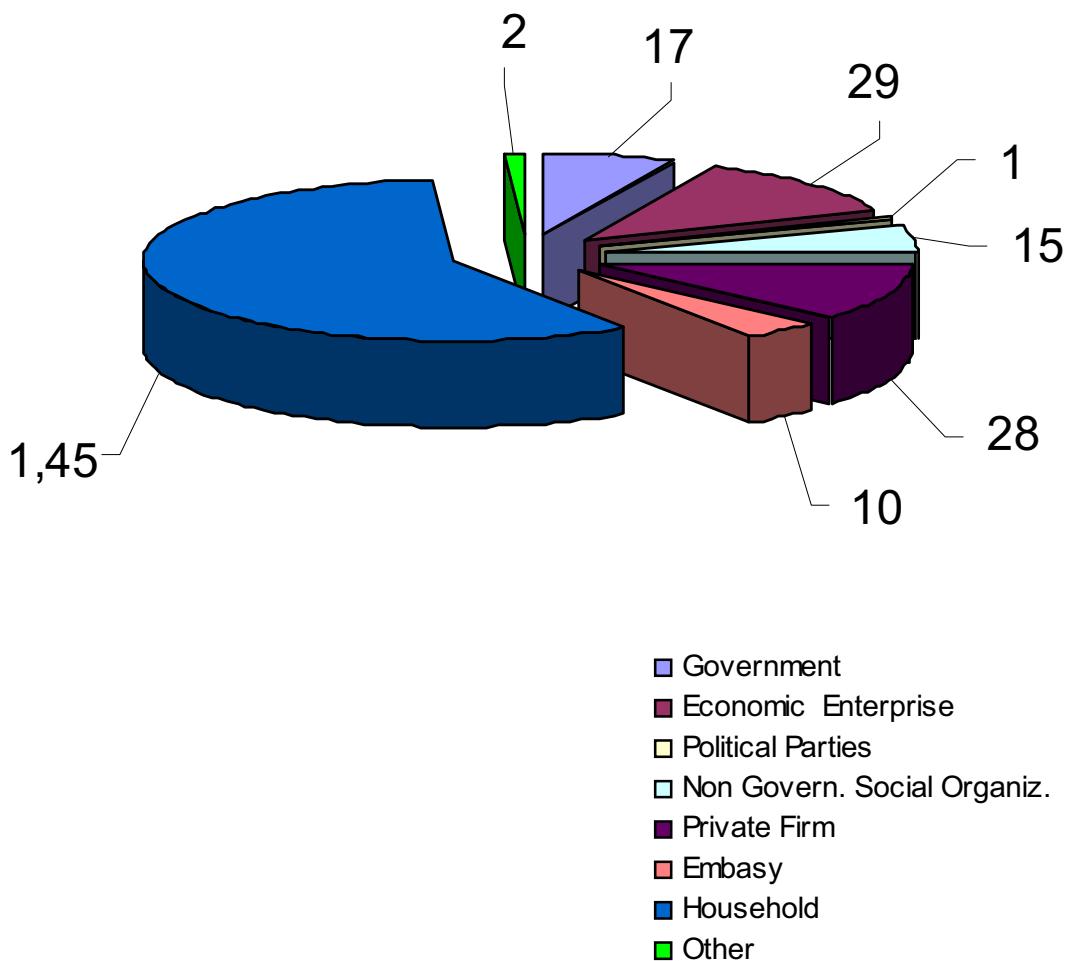
	up 1999*	2000	2001	2002	2003	**2004***	Total***
1 Government	17	19	15	10	32	82	175
2 Economic Enterprise	85	75	50	6	12	68	296
3 Political Parties	4	3	2	3	3	1	16
4 Non Govern. Social Organiz.	54	39	25	11	4	18	151
5 Private Firm	75	42	35	14	23	95	284
6 Embassy	49	25	20	1	1	8	104
7 Household	355	234	190	181	145	353	1,458
8 Other			1	3	1	23	28
Total	639	437	338	229	221	648	2,512

*Including period of time 1992-1999

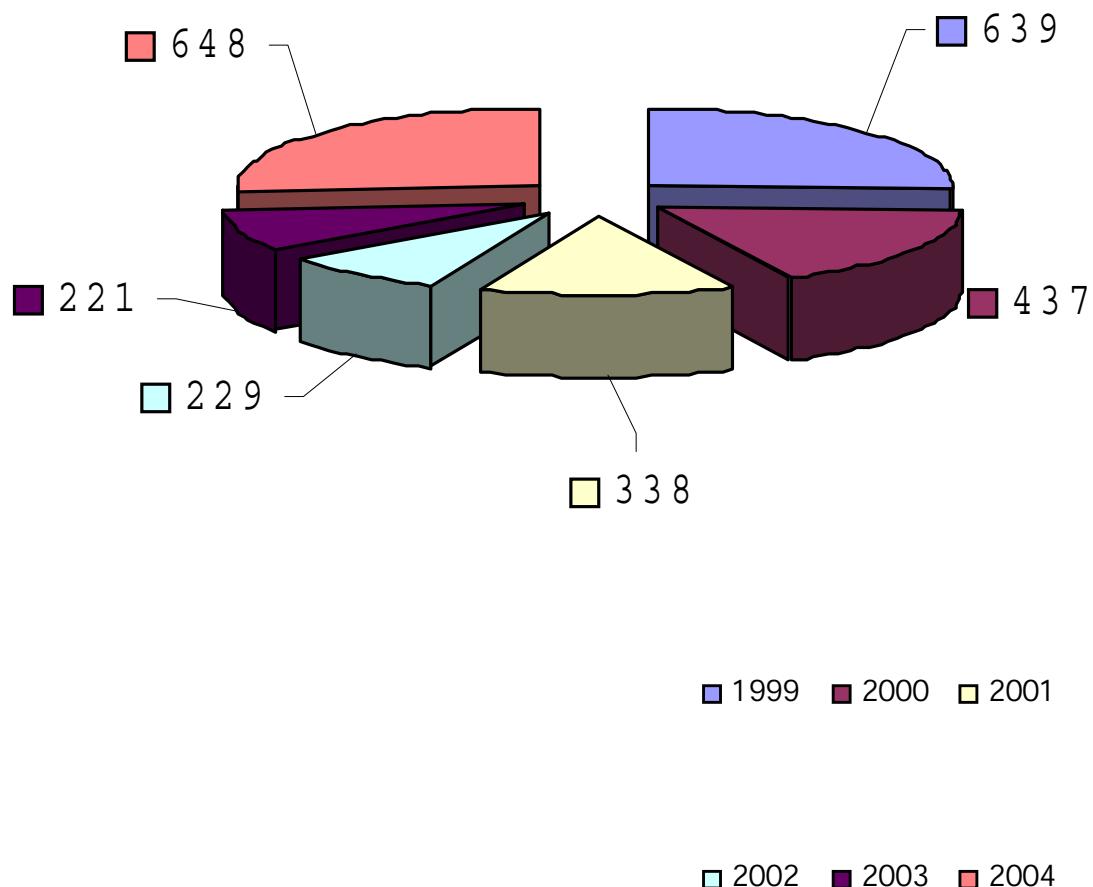
** Including only 6 months

*** Includes the total value of subscribers invoices in process for the current month payment (573 Mln leke)

DEBT OF ACCOUNT RECEIVABLES 2004. MIN. OF LEKE



ACCOUNT RECEIVABLES 2004. MIN OF LEKE

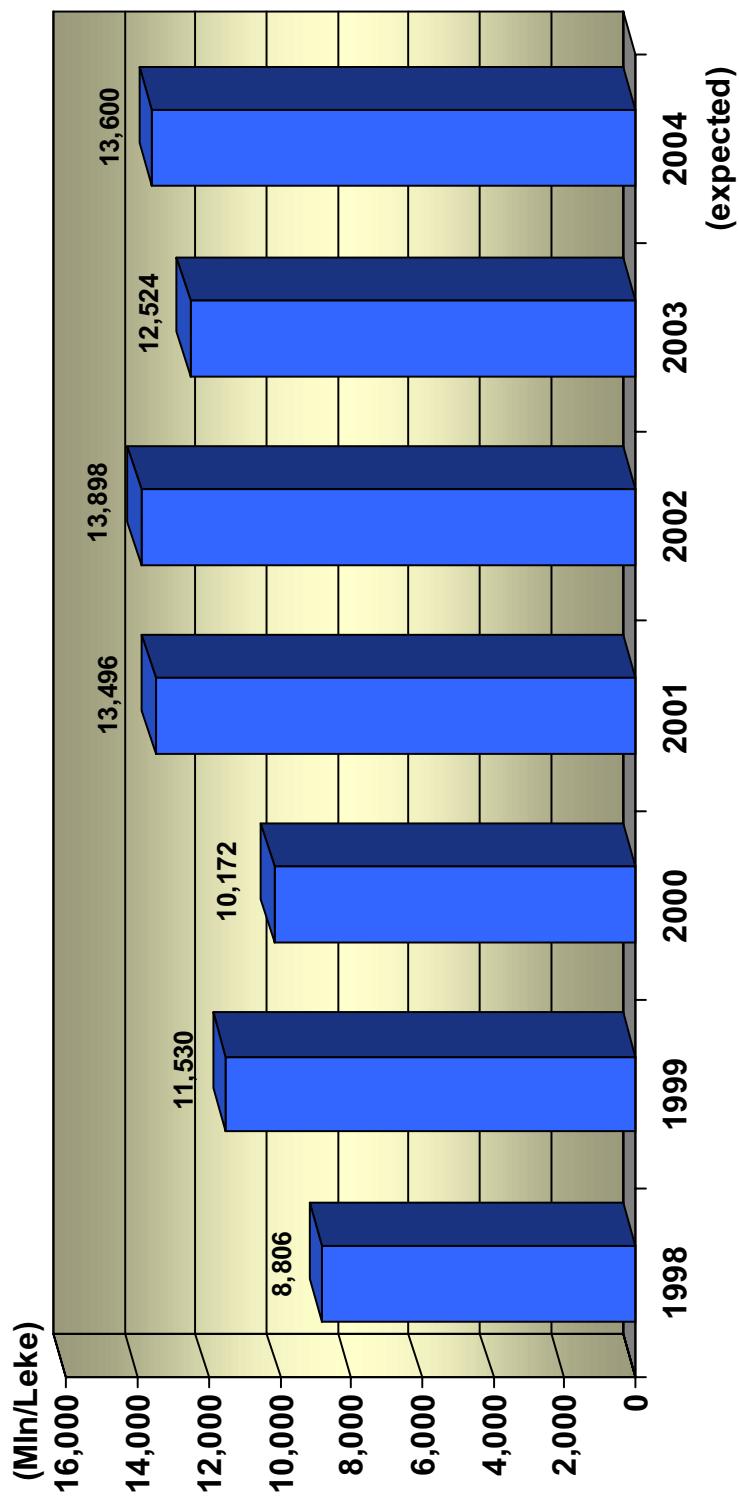


P & L 6- MONTH 2004

THOUSAND OF LEK

	1	Income for sale of service	6,275,984
	2	Other operating revenues	-
I		Total Operating Revenues	6,275,984
	1	Supplies expense	(98,525)
	2	Service expense	(3,402,504)
	3	Bad debt expense	-
	4	Other operating expenses	(46,000)
II		Total Cost of Goods Sold	(3,547,029)
		VALUE ADDED	
	1	Payroll Expenses	(579,155)
	2	Social Securities	(148,810)
III		Personnel Cost	(727,965)
IV		Depreciation	(825,247)
V		Financial expense	(100,869)
		TOTAL COSTS	1,074,874
		ebitda	7,350,858.0

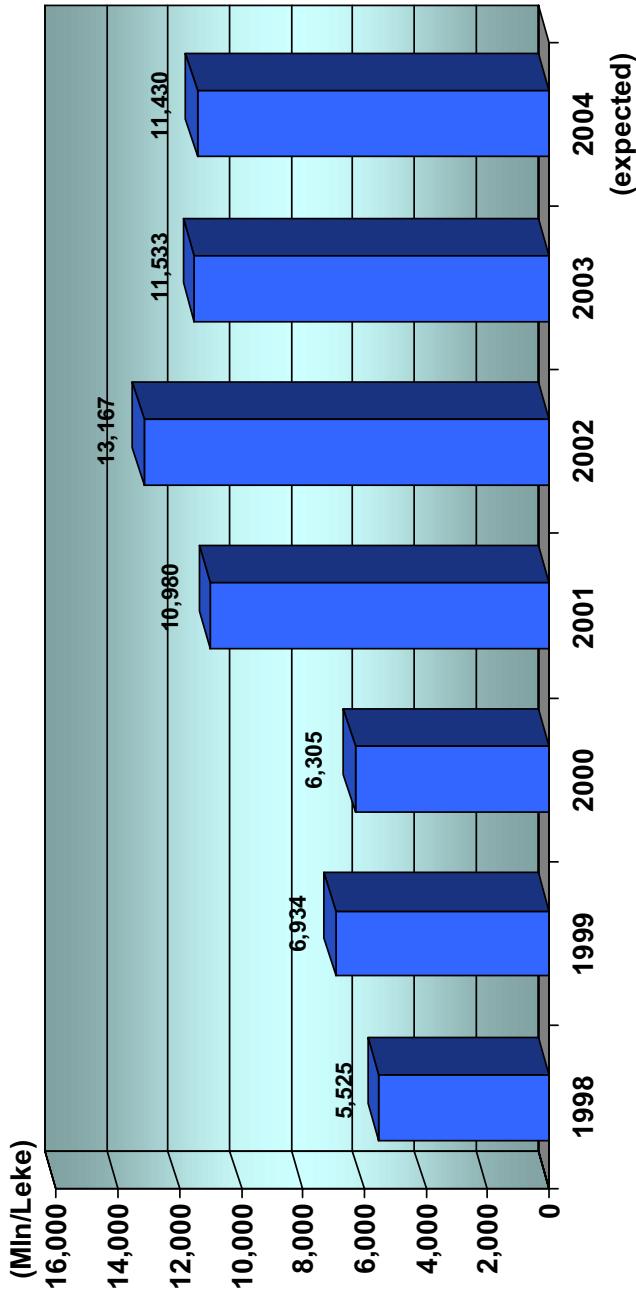
ALBTELECOM TOTAL REVENUES PER YEAR



The figures source is the balance sheet of Albtelecom

The current change rate 1USD=102.04 Leke 1EURO=125.10 Leke

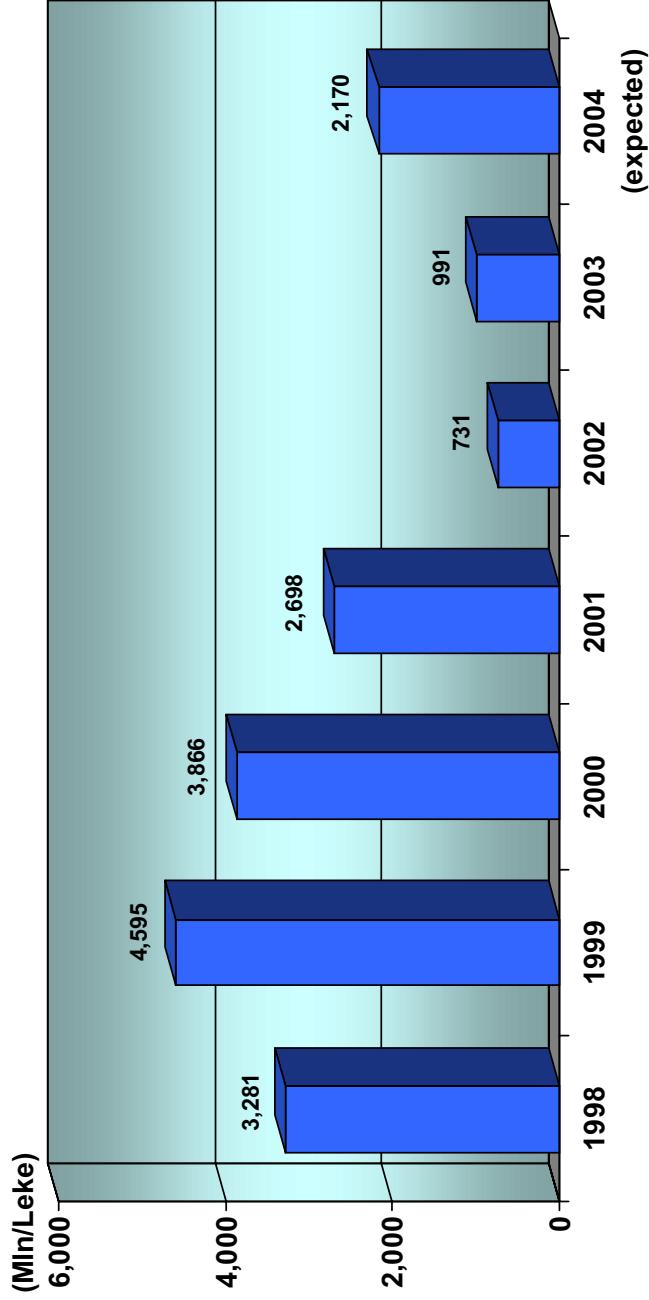
ALBTELECOM TOTAL EXPENSE PER YEAR



The figures source is the balance sheet of Albtelecom

The current change rate 1USD=102.04 Leke 1EURO=125.10 Leke

AMC PROFIT PER YEAR



The figures source is the balance sheet of Albtelecom

The brut profit without taxes effect

Are not included unknown expenses (extraordinary expenses, provisions, etc.)

The current change rate 1USD=102.04 Leke , 1EURO=125.10 Leke

MAIN FIGURES OF YEAR 2004

Referred to increasing incomes of items – Telephonic calls and international incoming traffic, results that incomes for the year 2004 will over- fulfill foreseen figures in project program as follow:

Technical-economic indexes January – June 2004

- Incomes from telephonic service are fulfilled 100%
- New connections 95%
- Incomes from telephonic channels and circuits in disposal 86.2%
- Incomes from international incoming traffic 10.7%
- Incomes from national interconnection 66.5%
- Staff salaries 91.8%
- Exploitations and other expenses 88.4 %
- Furnishing 97 %
- Stuff treatment 34.3 %
- Amortization 97 %
- Employee's average number 2642
- Debtor 9.031.560.611 leke and creditors 3.849.384.145 leke.

Albtelecom has planed more qualitative developments aiming at enhancing of new services and subscribers without increasing number of employee's and at the same time full restructured of steering structures and work positions. This process is foreseen to be completed at the second half of the year 2004 increasing effectiveness on institution management as well as reduction of expenses. For the year 2004 Albtelecom has defined an advertisement strategy aiming at increasing of subscriber's interest for the variety and advantages, service quality that Albtelecom offers and at the same time improvement of Company image on privatization event .

The main figures realized in first 6-months of 2004 are:

**Total revenues 6,276 Mln Leke
Total expenses 5,200 Mln Leke
Profit (pre taxes) 1,076 Mln Leke**

The expected figures for year 2004 are:

**Total revenues 13,600 Mln Leke
Total expenses 11,430 Mln Leke
Profit (pre taxes) 2,170 Mln Leke**

OBJECTIVES 2004

Main objectives of Albtelecom:

- Improving of economic – financial state, especially through negotiations with foreign operators on the incoming traffic rate in Albania.
- Fulfillment of investment in order to increase the number of subscribers.
- Company restructuring and reducing of employees number (500 employees less)
- Starting the work of Eagle Mobile
- Improvement of economic terms on interconnection agreements with mobile operators.
- Improvement of agreements with rural operators.
- Applying of billing and custom care (CC) systems.
- Extension of back bone network with FO as well as transmitting network

AGENDA

INTRODUCTION

COMPANY ORGANIZATION

FINACIAL DATA

TRAFFIC DATA AND TARIFFS

NETWORK AND SYSTEM DATA

MAIN INVESTMENT

SUMMARY

- ♦ Albtelecom has increased its revenues together with its customer base experiencing an increase in profitability and efficiency as consequence of the implementation of the Investments Master Plan for 1992-2002, allowed by self financing and by foreign soft loans from EBRD (EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT) , foreign governments and suppliers.
- ♦ Albtelecom strategy has been originally of concentrating the developments of basic telephony services only in the urban areas as population has been moving to towns; more recently, following the international trend of voice and data convergence and the internet growth together with the increase of foreign and Albanian commercial and industrial companies, there has been a shift toward the introduction of advanced services; Internet and ISDN data services will be introduced by end year 2000; free call service, call forwarding, call waiting, voice mail, etc, will be introduced in the near future.
- ♦ Following the recommendations of the Policy Paper on Telecommunications, Albtelecom has installed in 1999/2002 radio bridges which connect with 4 trunk lines all Communes (more than 300).
- ♦ Albtelecom has signed in July 2000 a Interconnection Agreement with the mobile operator AMC and subsequently on similar terms for interconnection agreements with perspective basic voice service operator in rural areas in order to provide access to its network for call termination and call forwarding
- ♦ Albtelecom aims to reach 400,000 subscribers by end of 2005

MISSION STATEMENT

- ◆ Albtelecom is a fix telecommunications operator providing the following services
 - Base local, interurban and international telephony
 - National and international data communications
 - ISDN services and value added services
 - Internet
 - Telex
 - Pay phones with pre- paid card
 - Radio-maritime communications
 - Leased lines

- ◆ Albtelecom plans to raise quality of service toward international standards and it is working with the objective to increase the number of working telephone lines throughout the country such to reach following objectives:
 - Penetration in urban area 10-20%
 - Penetration in rural area 4-9%
 - Penetration of ISDN 1 % of installed lines
 - Set up Internet network and offer its services like dial up ,broadband and provided different capacity for customer.

TOTAL TRAFFIC AND SUBSCRIBERS 1992- 1999

MINUTES OF TRAFFIC

	1992	1993	1994	1995	1996	1997	1998	1999
Fix - to - Fix	158,456,760	161,333,330	159,446,534	180,851,545	240,996,972	347,386,089	341,956,004	434,587,173
Fix -Mobile	n.a.	n.a.	n. a.	n.a.	1,143,977*	-7,116,500	8,453,717	18,553,452
Mobile -Fix	n.a	n.a	n.a	-n.a.	1,252,412*	6,373,781	9,264,854	22,670,304
Total	158,456,760	161,333,330	159,446,534	180,851,549	243,393,361	360,876,370	159,674,575	475,810,929

NUMBER OF SUBSCRIBERS	39,670	40,203	43,770	48,195	63,850	86,800	115,675	140,392

TOTAL TRAFFIC AND SUBSCRIBERS 2000-2004

Mln/ MINUTES OF TRAFFIC

	2000	2001	2002	2003	2004 (6 m)	2004 preview
Fix - to - Fix						
Fix -Mobile	4.8	51.4	55.1	37	15.6	32
Fix- Rural	0	0.2	1.6	2.7	0.8	1.8
Total	4.8	51.6	56.7	39.7	16.4	33.8

Note: In the Fix- to Fix is included in the Fix-Mobile traffic

TOTAL TRAFFIC FIX - TO - FIX 1992-1999

	MINUTES OF TRAFFIC							
	1992	1993	1994	1995	1996	1997	1998	1999
Local	99,180,080	100,088,736	101,673,836	110,026,692	155,821,704	220,676,786	161,775,048	195,588,985
Long Distance	12,575,848	12,157,456	12,587,449	13,213,834	18,890,648	27,006,286	34,550,272	39,414,372
Total National	111,755,928	112,246,192	114,261,285	123,240,526	174,712,352	247,683,072	196,325,320	235,003,357
International Outgoing*	33,393,185	27,885,420	19,759,280	19,714,705	25,453,349	40,873,917	49,176,330	73,670,550
International Incoming	13,307,647	21,201,718	25,425,969	37,896,318	40,831,271	58,829,100	96,454,354	125,913,266
Total International	46,700,832	49,087,138	45,185,249	57,611,023	66,284,620	99,703,017	145,630,684	199,583,816
Total Fix - to - Fix	158,456,760	161,333,330	159,446,534	180,851,549	240,996,972	347,386,089	341,956,004	434,587,173

National calls: local minutes of traffic outweigh long distance minutes

International calls: incoming minutes of traffic greater than outgoing minutes from 1994

TOTAL TRAFFIC OF ALBTELECOM 2000-2004

Min/Minutes of Traffic

	2000	2001	2002	2003	2004 (6 m)	preview
Local	550	580	600	450	160	320
Long Distance	65	60	42	39	13.5	28
Total National	615	640	642	489	163.5	348
International Outgoing	67	44	33	26	10.3	22
International Incoming	175	169	101	80	42	85

National calls:

- Local minutes of traffic outweigh long distance minutes.
- Is not included traffic of Mobile and Rural Operators.

TOTAL TRAFFIC FIX - MOBILE AND MOBILE – FIX 1996-1999

MINUTES OF TRAFFIC

	1996*	1997	1998	1999
Fix-Mobile National	606,308	3,492,893	4,270,467	9,764,000
Fix-Mobile International	537,663	3,626,607	4,183,250	8,789,452
Total Fix -Mobile	1,143,977	7,116,500	8,453,717	18,553,452
Mobile-Fix National	703,320	2,893,445	4,060,353	9,846,000
Mobile-Fix International	549,092	3,480,336	5,204,500	12,824,304
Total Mobile - Fix	1,252,412	6,373,781	9,264,853	22,670,304

**Significant increase in minutes of traffic both Fix-Mobile and
Mobile-Fix with no clear pattern on the balance**

*1996 is only six months

TOTAL INTERCONNECTION TRAFFIC 2000-2004

Mln/ MINUTES OF TRAFFIC

	2000	2001	2002	2003	6m2004	Preview 2004
Fix-Mobile	4.9	51.3	54.6	36.8	7.5	
Mobile- Fix	3.0	19	24.1	21.9	6	
Incoming Mobil International Mobile	8.3	145	295	242.7	180	
Outgoing Mobil International Mobil	4.9	21.1	27.5	31.6	19.8	
Fix- Rural		0.2	1.6	2.7	1.24	
Rural- Fix		0.6	0.5	2.1	10.1	
Incoming Rural International Rural		0.3	3.3	6.1	3.5	
Outgoing Rural International Rural		0.1	2.3	4.9	2.5	

BASE TELEPHONY



- Coverage Local calls
Interconnection charges
fix- mobile
- Period of time Long distance calls
Interconnection charges
mobile-fix
- Revenue by customer segment
and location International calls

POPULATION AND COVERAGE - 31 DECEMBER 2003

	POPULATION	SUBSCRIBERS	PENETRATION	PUBLIC PHONES
Towns	3.144.058	228.858	7.2 %	1188

Penetration on average :

- 7.2% in towns (is 11% referring to the exchanges installed capacity)

Public phones are available in towns and communes:

- 1188 in towns & villages

TOTAL REVENUES AND SUBSCRIBERS 1995-1999

	1995	1996	1997	1998	1999
Total revenues (millions of leke)	2.902	3.745	5.229	7.396	9.827
Subscribers	48.195	63.850	86.800	115.675	140.392
Average revenues (Thousands of Leke)	n.a	66.8	69.4	73.1	76.8

- Total revenues and subscribers have increased around three times
- Average revenues per subscriber from 66.800 leke in 1996 have reached 76.800 leke in 1999

TOTAL REVENUES AND SUBSCRIBERS 2000-2004

	2000	2001	2002	2003	2004 (1 st 6 months)	2004 (expected)
Total revenues (millions of leke)	10172	13496	13899	12418	6276	13560
Subscribers	152687	197496	213013	228858	230100	279000

REVENUES SEGMENTATION -000 LEKE, December 31, 2003

	HOUSEHOLD	BUSINESS	TOTAL
From Albtelecom subscribers	3.112.704	2.622.805	5.735.509

- Albtelecom telephone services revenues amount to 5.735.509 Min Leke in the end of 2003, include all billed traffic (local, long distance and international) and monthly fee subscription.
- 54% of total telephone revenues refer to household and 46 % to business.

INTERNATIONAL PAYMENTS MAIN COUNTRIES 2000-2001

	2000		
	incoming	Outgoing	Net
Germany	592,504	356,325	236,179
Greece	4,992,547	3,672,021	1,320,525
Italy	7,023,699	2,574,933	4,448,766
USA	12,530	148,197	(135,667)
Switzerland	166,397	106,003	60,394
Other	1,654,307	1,727,784	(73,477)
Total	14,441,9841	8,585,2641	5,856,720

	2001		
	incoming	Outgoing	Net
Germany	164,797	385,729	(220,933)
Greece	8,399,512	3,539,806	4,859,706
Italy	12,171, 091	1,100, 774	11, 070, 317
USA	391,840	117,188	274,652
Switzerland	206,349	307,779	(101,430)
Other	2,759,524	1,474,016	1,285,508
Total	24,093,112	6,925,291	17,167,821

INTERNATIONAL PAYMENTS MAIN COUNTRIES

2002-2003

	2002		
	incoming	Outgoing	Net
Germany	239,360	349,883	(110,523)
Greece	9,796,283	2,576,695	7,219,588
Italy	13,485,258	2,153,509	11,331,749
USA	667,738	163,764	503,974
Switzerland	30,476	102,252	(71,776)
Other	4,461,244	2,263,536	2,197,708
Total	28,680,360	7,609,639	21,070,721

	2003		
	incoming	Outgoing	Net
Germany	1,168,279	101,647	1,066,632
Greece	673,435	1,512,504	(839,068)
Italy	19,624,706	2,987,829	16,636,878
USA	865,196	243,299	621,897
Switzerland	175,517	59,602	115,915
Other	5,811,911	1,274,741	4,537,170
Total	28,319,045	6,179,622	22,139,424

INTERNATIONAL PAYMENTS MAIN COUNTRIES 2004

	1st 6 months 2004		
	incoming	Outgoing	Net
Germany	376,367	99,993	276,374
Greece	6,345,311	834,382	5,510,929
Italy	11,003,839	1,076,286	9,927,553
USA	592,454	38,740	553,714
Switzerland	371,927	69,016	302,911
Other	824,896	472,347	352,549
Total	19,514,794	2,590,764	16,924,029

INTERNATIONAL PAYMENTS (SDR)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	1 st 6 months 2004
international Incoming	5,702,299	7,421,909	10,338,092	11,469,257	14,032,593	14,441,984	24,093,112	28,680,360	28,319,045	19,514,794
international Outgoing	(5,717,437)	(5,154,835)	8,525,038	9,156,703	11,140,684	8,585,264	6,925,291	7,609,639	6,179,622	2,590,764
	(15,138)	2,267,074	1,813,054	2,312,554	2,891,909	5,856,720	17,167,821	21,070,721	22,139,424	16,924,029

INTERNATIONAL MINUTES OF TRAFFIC

	1995	1996	1997	1998	1999	2000	2001	2002	2003	1 st 6 months 2004
International Outgoing	19,714,705	25,453,349	40,873,917	49,176,330	73,670,550	66,891,800	65,361,500	61,993,900	60,475,500	26,833,100
International Incoming	37,896,318	40,831,271	58,829,100	96,454,354	125,913,266	175,372,400	316,424,900	401,149,400	429,246,900	220,508,902
	57,611,023	66,284,620	99,703,017	145,630,6841	199,583,8161	242,264,200	381,786,400		489,722,4001	247,342,002

ALBTELECOM - TELEPHONE SERVICES REVENUES AND SUBSCRIBERS BY DISTRICT, 1999

		Albtelecom Revenues (000/ leke)			Subscribers			Revenues/Subscribers(000//eke)		
		District	Household	Business	Total	Household	Business	Total	Household	Business
I	BERAT	51,185	41,448	92,633	5,524	508	6,032	9.27	81.59	15.36
II	DURRES	289,071	206,424	495,495	9,549	1,072	10,621	30.27	192.56	46.65
III	ELBASAN	156,864	61,858	218,722	10,997	732	11,729	14.26	84.51	18.65
IV	GJIROKASTER	119,565	74470	194,035	9,421	718	10,139	12.69	166.53	19.14
V	FIER	326,842	70,641	397,483	9,550	656	10,206	34.22	107.68	38.95
VI	KORCE	132,595	107,681	240,276	8,521	784	9,305	15.56	137.35	25.82
VII	KUKES	33,270	34,004	67,274	2,746	291	3,037	12.12	116.85	22.15
VIII	LEZHE	61,930	30,014	91,944	3,773	353	4,126	16.41	85.03	22.28
IX	Peshkopi	40,463	28,673	69,136	3,335	264	3,599	12.13	108.61	19.21
X	SHKODER	263,420	76,081	339,501	8,924	609	9,533	29.52	124.93	35.61
XI	TIRANA	971,581	1,410,107	2,381,688	46,095	6,158	52,253	21.08	228.99	45.58
XII	VLORE	209,398	37,610	247,008	7,209	321	7,530	29.05	117.17	32.80
	TOTAL	2,656,184	2,179,011	4,835,195	125,644	12,466	138,110	21.14	174.8	35.01

ALBTELECOM - TELEPHONE SERVICES REVENUES AND SUBSCRIBERS BY DISTRICT, 2003

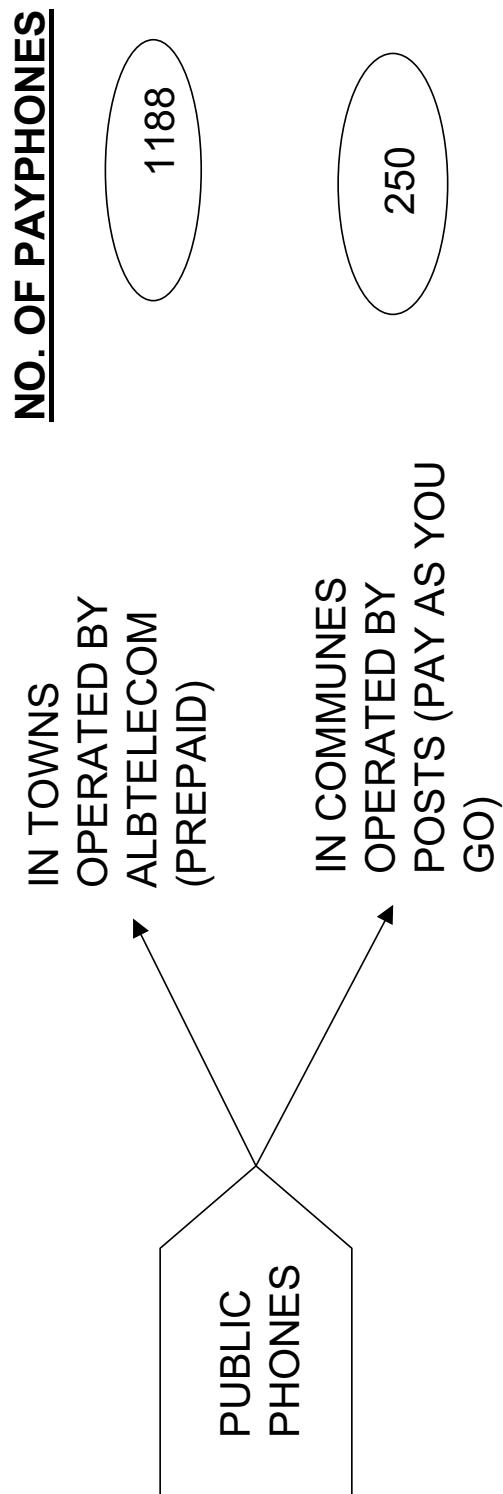
	District	Albtelecom Revenues (000/ leke)			Subscribers			Revenues/Subscribers(000//eke)		
		Household	Business	Total	Household	Business	Total	Household	Business	Total
I	BERAT	166.951	55.273	222.224	11.382	496	11.878	14.6	111.4	18.7
II	DURRES	340.632	188.953	529.586	18.152	1.306	19.459	18.7	144.6	27.2
III	ELBASAN	213.829	108.388	322.217	16.975	966	17.941	12.6	112.2	17.9
IV	GJIROKASTER	227.572	105.455	333.027	15.206	901	16.107	14.9	117.1	20.7
V	FIER	264.073	109.972	374.045	16.995	771	17.766	15.5	142.6	21.0
VI	KORCE	221.980	137.350	359.330	15.880	910	16.790	13.9	150.9	21.4
VII	KUKES	45.335	28.264	73.559	3.478	240	3.780	13.3	117.7	19.8
VIII	LEZHE	71.677	33.796	105.473	6.204	461	6.665	11.5	73.3	15.8
IX	Peshkopi	71.145	32.806	103.951	5.516	300	5.816	12.8	109.3	17.8
X	SHKODER	150.326	81.469	231.799	10.174	662	10.836	14.8	123	21.4
XI	TIRANA	1.160.070	1.667.065	2.827.134	84.720	7.499	92.219	13.7	155.6	30.6
XII	VLORE	179.113	74.014	253.127	9.136	527	9.663	19.6	140.4	26.2
	TOTAL	3.112.704	2.622.805	5.735.509	213.819	15.039	228.858	14.5	174.4	25.1

SUBSCRIBERS AND WAITING LIST 2003

	District	Urban population	Subscribers	Waiting list	Total potential subscribers
1	Shkoder	184.989	10.836	11.270	22.106
2	Kukes	62.121	3.718	731	4.449
3	Lezhe	73.319	6.665	1.744	8.409
4	Peshkopi	57.526	5.816	396	6.212
5	Tirane	570.184	92.219	35.790	128.009
6	Durres	215.005	19.459	21.190	40.649
7	Elbasan	227.790	17.941	31.905	49.846
8	Vlora	150.700	9.663	8.000	17.663
9	Fier	202.229	17.766	4.464	22.230
10	Berat	126.054	11.878	4.542	16.420
11	Korce	144.685	16.790	1.220	18.010
12	Gjirokaster	57.101	16.107	85	16.192
	Total		228.858	121.337	350.195

- Albtelecom has a waiting list in each District (regions) equal or bigger than actual number of subscribers

PUBLIC TELEPHONY (PAYPHONES) 2004



- PUBLIC PHONES ARE OPERATED DIRECTLY BY ALBTELECOM WHEN LOCALIZED IN TOWNS AND BY POSTS WHEN LOCALIZED IN COMMUNES

PAY PHONES SYSTEM

First steps and development of the Card phone service

The pay phone service has been offered since 1995. In 1996 the technology was replaced with the one offered by INTRACOM S.A. GREECE

In year 1998 the pay Phone Subdirectory and its working structure were established.

PUBLIC TELEPHONY IN TOWNS

NUMBER OF PHONES AND TRAFICS

BRANCH	Year 2000		year 2001		year 2002		year 2003		6 months 2004	
	Phone	Pulses	Phone	Pulses	Phone	Pulses	Phone	Pulses	Phone	Pulses
BERAT	48	7963744	60	5531502	60	2488965	61	1579664	65	788123
DURRES	65	21821173	87	14991917	99	10344460	116	9213151	124	3572267
ELBASAN	61	16376831	100	14877753	130	10445000	136	8413988	145	5028502
FIER	34	6783492	48	5187798	62	3880094	65	3418703	65	1789412
GJIROKASTER	64	6304136	94	6825939	130	5372049	130	4147553	127	1416209
KORCE	55	12934017	74	11766242	85	8977002	95	6287574	93	2848302
KUKES	11	1717804	24	2571482	37	1370738	37	580473	37	283773
LEZHE	23	6582382	39	4938898	45	2553151	44	1520907	50	825786
PESHKOPI	5	2236788	20	3955031	28	1771779	31	1128635	37	605687
SHKODER	27	5335873	40	3765139	46	2060301	50	1378474	52	726096
TIRANA 1	197	60632530	258	39036325	304	26174883	216	13222560	210	8927556
TIRANA 2							116	10660927	121	2609865
VLORE	34	9092825	58	5842182	66	3613308	59	2193534	60	954835
Total	624	157781595	902	119290208	1092	79051730	1156	63746143	1186	30376413

The above data are taken from the Card phones Affiliate. In comparison between this information and the one from the Regions/Zones of Albtelecom there are differences especially from the centrals of the Regions/Zones.

The income in Leke for each year is given as follows. For the years 2000, 2001 and 2002 the information is taken from the balance sheet of the company because during these years the Card phones Directory supplied with phone cards only the Regions/Zones of Albtelecom.

The selling prices are approved from the General Management Board. During these years the cards were distributed from the Albanian Posts and the private distributors.

REVENUES

YEAR	Revenues
2000	1 379 442 056
2001	1 140 774 387
2002	589 432 589
2003	306 425 425
First 6 months 2004	164 522 388
Second 6 months 2004	220 477 612

WORKING APPARATUSES

Year	1998	1999	2000	2001	2002	2003	August 2004
No. of Working apparatuses	209	552	624	902	1106	1156	1993

PUBLIC TELEPHONY IN TOWNS- NUMBER OF PAYPHONES AND REVENUES

for the first 6 months

BRANCH (RAGION)	NO. OF PAYPHONE	TOTAL PULSES (mln pulses)	TOTAL REVENUE (mln Leke)
BERAT	65	4.1	
DURRES	124	18.7	
ELBASAN	145	26.3	
GJIROKAST ER	130	7.1	
FIER	65	9.8	
KORCE	93	14.4	
KUKES	37	1.3	
LEZHE	50	4.9	
PESHKOPI	37	3.2	
SHKODER	52	3.8	
TIRANA	314	60.9	
VLORE	60	5.0	
TOTAL	1186	161.4	204

- ALBTELECOM HAS 1188 PUBLIC TELEPHONES, LOCATED IN TOWNS TO BE USED WITH PREPAID CARDS
 - The price per cards:
 - 50 units- 350 leke
 - 100 units- 600 leke
 - 200 units- 1100 leke
- The average traffic for one payphone in 181 mln pulses.
- AVERAGE REVENUE IS 204 MILLIONS LEKE

PUBLIC TELEPHONY IN TOWNS NUMBER OF PAYPHONES AND REVENUES expected 2004

BRANCH (RAGION)	NO. OF PAYPHONE	TOTAL PULSES (mln pulses)	TOTAL REVENUE (mln. Leke)
BERAT	65	8.5	
DURRES	124	38	
ELBASAN	145	52	
GJIROKASTER	130	14.5	
FIER	65	20	
KORCE	93	29	
KUKES	37	3	
LEZHE	50	10	
PESHKOPI	37	6.4	
SHKODER	52	7.6	
TIRANA	320	122	
VLORE	60	10	
TOTAL	1190	274	400

- ALBTELECOM HAS 1190 PUBLIC TELEPHONES, LOCATED IN TOWNS TO BE USED WITH PREPAID CARDS

- The price per cards:

- 50 units- 350 leke

- 100 units- 600 leke

- 200 units- 1100 leke

- The average traffic for one payphone in 274 Mln pulses.

- AVERAGE REVENUE IN TOTAL IS 400 MILLIONS LEKE.

ALBTELECOM BUSINESS DATA



- COVERAGE
INTERCONNECTION CHARGES
FIX AT -MOBILE
FIX AT- Rural Op.
- SEGMENTATION
BASED ON PERIOD
OF TIME
LONG DISTANCE CALLS
INTERCONNECTION CHARGES
MOBILE-FIX AT
Rural. Op- FIX AT
- REVENUE BY CUSTOMER
SEGMENT AND LOCATION
INTERNATIONAL CALLS

FIX-TO-FIX CALLS TARIFFS OF HOUSEHOLDS AND BUSINESS



Different for local, long distance and international calls
Same rate in terms of pulse per call/minute both for household and business
Local
Long distance
International
Different for household and business as business pays higher monthly fee and 50 % higher rate per pulse.

There is no pulse charge difference between household and business

There is however price pulse difference such that is convenient for businesses to register as household such to pay lower Leke rate per pulse

TARIFF SCHEME HOUSEHOLDS AND BUSINESS (LEKE)

In force April 2004

	HOUSEHOLDS	BUSINESS
Connections Fee*	14 000	14 000
Monthly Fee*	200	800
Pulse charge per month*	1 lek/ pulse	1.5 lek/ pulse

Tariffs of businesses are higher than tariffs or households in terms of:
: Monthly fee
. Pulse charge

*Net of VAT = 20%

LOCAL CALLS CHARGES (Leke) HOUSEHOLDS AND BUSINESS

Nr	Local calls	Household				Business			
		first 2minutes	others 2minutes	first 3minutes	others 2minutes	first 2minutes	others 2minutes	first 3minutes	others 2minutes
	leke	leke	leke	leke	leke	leke	leke	leke	leke
Price for the local calls									
Pik time	08.00-20.00	3	1			4.5	1.5		
reduce time	20.00-08.00			2	1			3.0	1.5

- Local calls are within local loop

LONG DISTANCE CALLS CHARGES - HOUSEHOLDS AND BUSINESS

National in Albtelecom Network	All day	All day
	HOUSEHOLDS	BUSINESS
Calls within Region	6.98	10.47
Calls between Region	12	18

Note: For the national calls within Albtelecom network it is not applied the deferent time

Mobil calls	Household	business
Pick time 08.00-12.00 and 14.00-21.00	54.5	81.75
Normal time 6.00-8.00, 12.00-14.00, 21.00-23.00	46.15	69.2
Reduce time 23.00-6.00	42.8	64.2
Price for the Rural Operators (fix- Rural)		
Within Region	6.98	10.47
Between Regions	12	18

Note: For the national calls in Mobile service is applied the different time, and for the Rural calls is not applied.

INTERNATIONAL CALLS CHARGES (LEKE) HOUSEHOLDS AND BUSINESS

Price for the international calls	Household	Business
Reduce time 13.00-16.00 and 21.00-07.00		
Zone I (fix netw.)	28.6	42.9
Zone II (fix netw. & mobile netw.)	37.05	55.58
Zone III (fix netw. & mobile netw.)	66.7	100.05
Zone IV (fix netw.)	100	150
Zone V (fix netw.)	150	225
Pick time 07.00-13.00 dhe 16.00-21.00		
Zone I (fix netw.)	35.3	52.95
Zone II (fix netw. & mobile netw.)	46.2	69.3
Zone III (fix netw. & mobile netw.)	75	112.5
Zone IV (fix netw.)	120	180
Zone V (fix netw.)	200	300

International call pulse rate is different referring to the countries
and changing base on time of the day

ALBTELECOM BUSINESS POSITIONING AND STRATEGY



- Coverage
- Period of time
- Revenue by customer location
- Local calls
- Long distance calls
- International calls
- Interconnection charges fix-
Other Operators.
- Interconnection charges
Albtelecom- Other Operators.

FIX-MOBILE MOBILE -FIX - ALBTELECOM REVENUES



- Albtelecom tariffs commonly agreed between Albtelecom and Mobile
- Charge is paid to Mobile in leke per minute
- Tariffs for terminating international calls agreed between Albtelecom and international operators
- Albtelecom tariffs minus Mobile operators interconnection charge

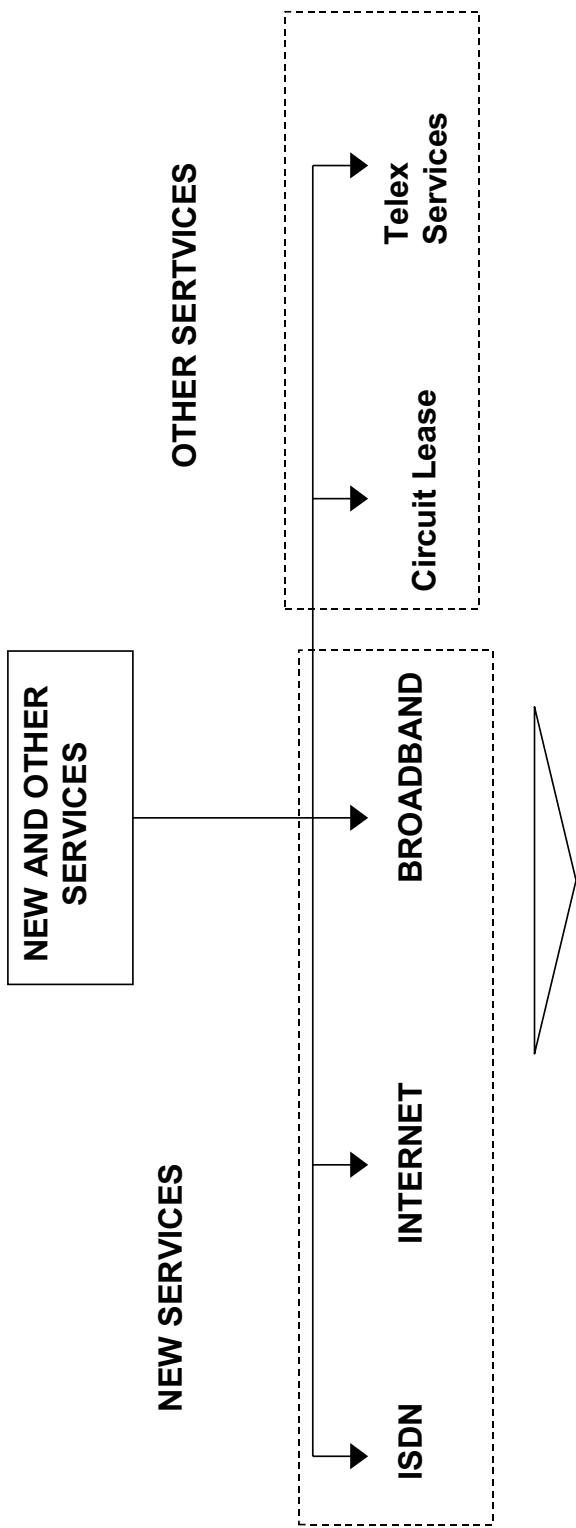
National calls for the Mobile interconnection agreement: Albtelecom keeps 12% of billed tariff and Alternative receives at least 40 Leke/minute
International calls: Albtelecom keeps 16% of average tariff per minute for terminating international traffic and Mobile receives 84%

MOBILE- FIX FIX-MOBILE ALBTELECOM INTERCONNECTION CHARGE



- Mobile tariffs exclusively set by Mobiles
 - Charge is to Albtelecom in leke per minute
 - Mobile tariffs minus Albtelecom interconnection charges
- National calls: Albtelecom receives 8% of Mobiles billed tariff and in any case at least 3 Leke/minute
- International calls: Albtelecom receives the applicable international tariff increased by 10% margin

NEW AND OTHER SERVICES



Albtelecom provides the new ISDN and internet services in addition to the other services, i.e. analogue circuits leasing, telex services and radio marine services

NEW SERVICES- INTERNET

LOCATION OF SERVICES	REVENUES/MM	CAPACITY INSTALLED	CONNECTION
Tirana, Durrës, Fier, Vlorë, Korçë	15,000 USD/ISP* 600 USD/ISP*	2 Mb 64 Kb	via Albania-TBL Seabone Telecom Italia at cost of 39,000 USD/year**
Tirana, Durrës, Fier, Vlorë, Korçë	T.B.D.	64 Kb***	via Tirana, Durrës, Fier, Vlorë, Korçë

BACKBONE
TO ISPs

ISP

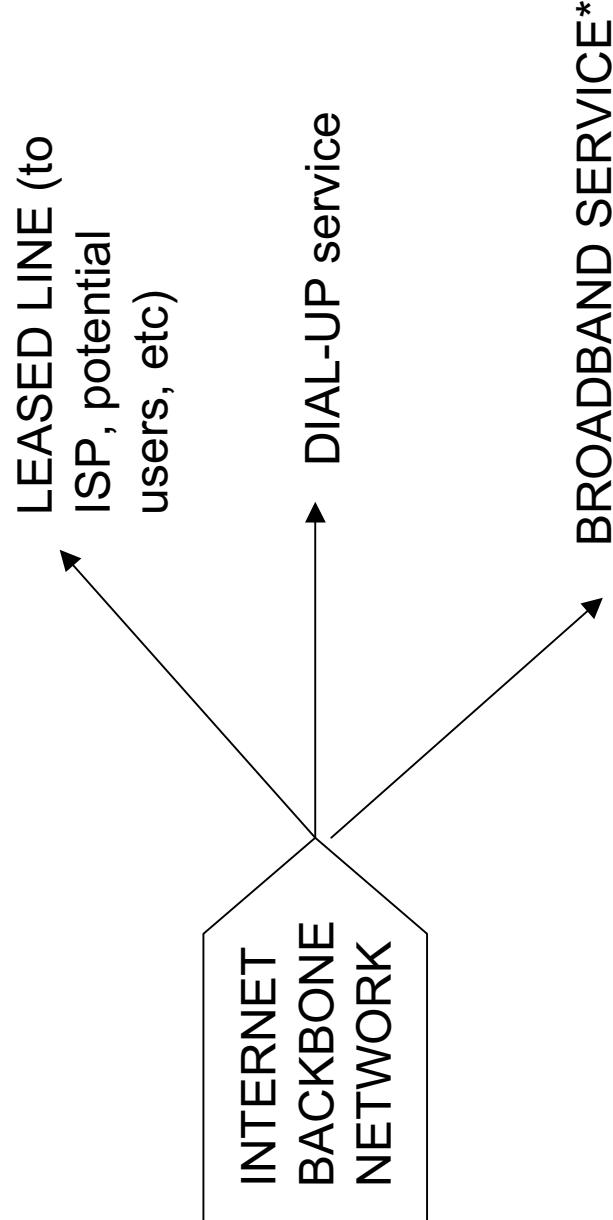
- Albtelecom owns and operates a backbone for TCP/IP service providers and its own intranet; and directly operates 1 ISP in Tirana
- Connection to WWW is guaranteed through Telecom Italia with a 2 Mb link and an additional link of 2 Mb will be established in 2001

* Current monthly fee to ISP for connections of 64 Kb through satellite is 3,500 USD/mm

** Albtelecom cost of a 64/Kb connection is 108 USD/MM

*** Minimum capacity is 64 Kb; maximum capacity technically available 16 x 2 Mb

ALBTELECOM INTERNET SERVICE 2004



* Expected to be in service in the end of 2004

NUMBER OF CLIENTS AND BANDWIDTH

No. of clients and bandwidth	Leased lines	Bandwidth /Kbps
YEAR		
2000	1	256
2001	17	2944
2002	26	8320
2003	29	9344
2004	27	8256

DIAL UP SERVICE

Dial up Service - Year 2003

		Duration/min
6/ II month 2003	Tirana	11,251,099
6/II month 2003	Regions	12,465,035
6/II month 2003	Total	23,716,134

Dial up Service - Year 2004

		Duration/min
6/ I month 2004	Tirana	14,322,153
6/I month 2004	Regions	12,118,131
6/I month 2004	Total	26,440,284

INCOMES AND EXPENSES FROM INTERNET SERVICE BY YEAR (000/LEKE)

Year	2001	2002	2003	6-1 month 2004	6-11 month 2004 expected	Year 2004 expected
Income	34709	45243		22290	28175	50465
Expenses	25629	32095		14404	21000	35404
Net Profit	9080	13148		7886	7175	15061

OTHER SERVICES - DIGITAL LEASED CIRCUITS RATES

Connection	NATIONAL CIRCUITS (lek)	INTERNATIONAL Connection Fee	CIRCUITS	(USD)
Fee	64 Kbit/sec 2 Mbit/sec	63300 86500	64 Kbits 512 Kbits 2048 Kbits	1100 3060
Monthly fee	64 Kbit/sec 2 Mbit/sec	57400 105300 114350 153300	64 Kbits 512 Kbits 2048 Kbits	2260 24800 2900 32400
64 Kbit/sec	<25 KM 25-50 KM 50-100 KM >100 KM	316000 529400 640130 780200	64 Kbits 512 Kbits 2048 Kbits	4400 50,000
2 Mbit/sec	<25 KM 25-50 KM 50-100 KM >100 KM	Others	64 Kbits 512 Kbits 2048 Kbits	5240 58490

Connection and monthly fees higher for international Circuits than for national Circuits

Leases for more than one month

OTHER SERVICES - TELEX RATES

LEKE/MINUTE

National	15
Europe	33
Mediterranean basic	33
Other Countries	99

Telex rates vary by distance and country

AGENDA

INDRODUCTION

COMPANY ORGANISATION

FINACIAL DATA

TRAFFIC DATA AND TARIFFS

NETWORK AND SYSTEMS DATA

MAIN INVESTMENT

SUMMARY

Albtelecom is the public operator of fix telecommunication services in Albania. Through its network Albtelecom

provides a wide range of fix telecommunication services in all important centers of the country.

Among the sectors to be modernized telecommunications sector represented a priority for the Albanian Government

Evolution of subscribers and technology from the year 1992 until 2004 is as follow:

- 39,600 subscribers with 12% connected to digital exchanges in 1992
- 63,800 subscribers with 50% connected to digital exchanges in 1996
- 115,700 subscribers with 77% connected to digital exchanges in 1998
- 140,392 subscribers with 85% connected to digital exchanges in 1999
- 152,700 subscribers with 88% connected to digital exchanges in 2000
- 196,600 subscribers with 90% connected to digital exchanges in 2001
- 213,100 subscribers with 94% connected to digital exchanges in 2002
- 228,900 subscribers with 96% connected to digital exchanges in 2003
- 261,700 subscribers with 97% connected to digital exchanges in 2004 (expected)

The national transmission back bone network is fully digital and mainly is based on SDH system. The transmission network is based on microwave systems and fiber optic systems.

Albtelecom has constructed, in cooperation with others countries telecommunication operators, the international transmission systems based on optical fibers:

- Trans Balkan Line (Italy-Albania-Macedonia-Bulgaria-Turkey) with existing transmission capacity of 622Mbit/s (Italy-Albania part is under upgrading to 2.5Gbit/s)
- Adria 1 (Germany - Croatia - Albania - Greece) with existing transmission capacity of 622Mbit/s.
- Albania (Shkoder) – Montenegro
- Albania (Mide) –Kosovo (Microwave link)

The networking between switching systems are supported through the following transit exchange:

- For national traffic there are two main transit exchanges one in Tirana and one in Durres (mix national and international transit traffic).
- For international traffic there are two transit exchanges one in Tirana and one in Durres (mix national and international transit traffic).
- The star and polygonal network configuration is applied on the Albtelecom network.

The internet network is present in 8 main cities of Albania and through these points cover all other centers where Albtelecom is present.

The customer care and billing system is planed to be in service for network in the end of year 2004.

Actual situation can be summarized as follows:

- The penetration for all country is approximately to 9%.
- The penetration for the centers where Albtelecom is present is approximately 19%.

This means the penetration is still low and is necessary to increase the number of subscribers.

Positive elements of actual situation:

- Introduction of digital switches (two technologies S12-Alcatel and EWSD-Siemens).
- The digitalization is approximately 97%.
- Internet up-grade and introducing of broadband service
- Backbone transmission network extension and modernization
- Local loops extension and modernization

ALBTELECOM 1992-2004 DATA

SITUATION UNTIL 1992

46,000 subscribers with 1,4% penetration rate (includes manual and automatic switch)

Switching network based on decadic technology with only 2 local exchanges (with total capacity 5,000 subscribers)

National and international transit traffic routes through an exchange type UT 20 with only 2,000 ports

SITUATION AFTER 1992	In Service from
National and international transit digital exchanges with capacity 4,000 each	1994
Digital local exchanges Alcatel- S12 with 50,000 Subscribers and Network Service Center	1996
520 Km of optical fiber submarine cable (Adria 1 Project, Dubrovnic (Croatia)- Durres (Albania)- Corfu (Greece))	1997
Digital local exchange type S12 with 20,000 subscribers	
210 Km of long distance optical fiber links and 40 Km of local optical fiber links	1997
230 Km of optical fiber submarine cable (TBL Project, Bari (Italy) –Durres (Albania))	
Local cable networks with 124,000 lines	
Digital local exchanges Alcatel S12 with 40,000 Subscribers	1998
National and International Microwave Network	
Upgrading and extension national and international digital exchange adding 4,000 trunks each	1999
20 Km of long distance optical fiber links	
Local cable networks with 44,200 lines	
Digital local exchanges Alcatel S12 with 43,000 subscribers	2000
Rural Areas microwave network (300 communes)	
Internet network Alcatel system (5 centers)	

Development is based on the Master-Plan and respective studies

International telecommunication realized by analog microwave links Albania -Italy and Albania - Greece

National telecommunications realized manually through operators with the exception of 5 districts*

* Tirana, Durres, Elbasan, Korce, Gjirokaste

SITUATION AFTER 1992	In Service from
<ul style="list-style-type: none"> Digital local exchanges Alcatel- S12 with 48,000 subscribers Digital local exchanges Siemens EWSD with 59,000 subscribers 	2001
<ul style="list-style-type: none"> • 60 km fiber optic network 	
<ul style="list-style-type: none"> Internet network extension Alcatel system (3 centers) Digital local exchanges Siemens-EVSD with 4,000 Subscribers and Net manager Digital transit national and international Siemens – EWSD with 13,800 ports National and International Microwave Network 	2002
<ul style="list-style-type: none"> Digital local exchanges Siemens-EVSD with 7,000 subscribers* Digital local exchanges Alcatel – S12 with 9,500 subscribers* Customer care and billing system* Internet up-grade and broadband services* Local cable network with 9,400 lines 	2003
<ul style="list-style-type: none"> Local cable networks with 16,400 lines** Digital local exchanges Siemens-EVSD with 1,000 Subscribers** Digital local exchanges Alcatel – S12 with 14,000 subscribers** Digital local exchange (TR3) with 20,000subscribers and local cable network with 22,000 lines*** National transmission backbone network extension*** 	2004

Development is based on the Master-Plan and respective studies

Note: * - to be in service during year 2004
 ** - expected to be in service end of year 2004
 *** - expected to be in service beginning of year 2005

FIX TELECOMMUNICATION NETWORK (YEAR 2003 - 2004)

SWITCHING CAPACITY (SUBSCRIBER PORTS)

LOCAL NETWORK CAPACITY (COOPER LINES)

SUBSCRIBERS IN SERVICE

Note: For year 2004 are given the expected figures

Note: The technology Siemens - EWS digital switching systems

The technology Alcatel - S12 digital switching systems

The technology Decadic - mainly are crossbar switching systems

SHKODRA REGION

Nr.	City Name	Switching Capacity						Network Capacity				Subscribers	
		YEAR 2003			YEAR 2004			Total	Exten. year'04	Total 2004	2003 Total		
		Total	Analog	ISDN	Techn	Extent.	Total						
I	Shkoder	9000	9000	0	Alcatel	3000	12000	8400	3600	1200	0	8668	
	Vau Dejes	400	400		Decadic*		400	600		600		352	
	Koplik	1920	1888	32	Alcatel		1920	2200		2200		949	
	Bajze	400	400		Decadic		400	320		320		82	
	Puka	1920	1888	32	Alcatel		1920	2200		2200		635	
	Fush Arrez	400	400		Decadic		400	250		250		236	
	Subtotal I	14040	13976	64			3000	17040	13970	3600	0	10922	
	Subtotal I	14040	13976	64			3000	17040	13970	3600	0	14022	

KUKES REGION

Nr.	City Name	Switching Capacity						Network Capacity				Subscribers	
		YEAR 2003			YEAR 2004			Total	Exten. year'04	Total 2004	2003 Total		
		Total	Analog	ISDN	Techn	Extent.	Total						
II	Kukes	3216	3200	16	Siemens		3216	5400		5400		2413	
	Krume	1000	1000	0	Siemens		1000	1750		1750		435	
	Tropoje	1808	1792	16	Siemens		1808	2400		2400		937	
	Subtotal II	6024	5992	32			6024	9550	0	9550	0	3785	
	Subtotal II	6024	5992	32			6024	9550	0	9550	0	3785	

LEZHA REGION

Nr.	City Name	Switching Capacity						Network Capacity			Subscribers		
		YEAR 2003			YEAR 2004			Total	Exten.	Total	2003	2004	2003
		Total	Analog	ISDN	Techn	Extent.	Total	2003	year'04	2004	Total	Total	Total
III	Lezhe	3016	3000	16	Siemens		3016	3500		3500	2409	2709	
	Shengjin	1000	1000	0	Siemens		1000	1200		1200	330	930	
	Rreshen	1424	1424	0	Siemens		1424	1600		1600	1140	1240	
	Rubik	500	500		Decadic		500	1000		1000	246	246	
	Lac	1872	1856	16	Siemens		2000	2800		2800	1990	1990	
	Milot	1000	1000		Decadic		1000	500	1000	500	1500	239	489
	Mamurras	1000	1000	0	Decadic		1000	600		600	316	516	
	Subtotal III	9812	9780	32			1000	9940	11200	1000	12200	6670	8120

DIBRA REGION

Nr.	City Name	Switching Capacity						Network Capacity			Subscribers		
		YEAR 2003			YEAR 2004			Total	Exten.	Total	2003	2004	2003
		Total	Analog	ISDN	Techn	Extent.	Total	2003	year'04	2004	Total	Total	Total
IV	Diber	3760	3744	16	Siemens		3760	5300		5300	3150	3450	
	Klos	1000	1000		Decadic		944				0	700	
	Bulqize	1256	1256	0	Siemens		1256	1380		1380	993	1193	
	Burrel	1928	1912	16	Siemens		1928	4000		4000	1704	1754	
	Subtotal IV	7944	7912	32			7888	10680		10680	5847	7097	

DURRES REGION

Nr.	City Name	YEAR 2003				Switching Capacity				Network Capacity				Subscribers	
		Total	Analog	ISDN	Techn	Total	Extent.	YEAR 2004	Total	Exten.	year'04	Total	2003 Total	2004 Total	
V	Durres	200000	19872	128	Siemens			200000	23700			23700	11712	18112	
	Plazh	4000	4000	0	Siemens			4000	5400			5400	872	3372	
	Shkozeti	1000	1000	0	Siemens			1000	1200			1200	750	850	
	Shijak	2000	2000	0	Siemens			2000	2300			2300	1528	1828	
	Sukth	500	500	Decadic				500	150			150	64	114	
	Kavaje	6200	6072	128	Alcatel			6200	6500			6500	5082	5682	
	Rrogozhine	1920	1888	32	Alcatel			1920	1800			1800	1054	1454	
	Subtotal V	35620	35332	288	0			35620	41050	0		41050	21062	31412	

TIRANA REGION

Nr.	City Name	YEAR 2003				Switching Capacity				Network Capacity				Subscribers		
		Total	Analog	ISDN	Techn	Total	Extent.	YEAR 2004	Total	Exten.	year'04	Total	2003 Total	2004 Total		
VI	Tirana.1	55000	54488	512	Alcatel			55000	62780			62780	50572	53572		
	Tirana.2	40648	40136	512	Alcatel			39688	44110			44110	32618	38618		
	Tirana.3							20000	22000			22000	0	7000		
	Kruje	3000	3000	0	Alcatel			3000	3100			3100	2667	2867		
	Fush Kruje	1000	1000	Decadic				1000	1500			1500	660	860		
	Subtotal VI	99648	98624	1024	0			20000	118688	0		118688	22000	133490	86517	102917

ELBASANI REGION

Nr.	City Name	YEAR 2003				Switching Capacity				Network Capacity				Subscribers
		Total	Analog	ISDN	Techn	Total	Extent.	2003	Exten.	Total	2003	2004	Total	
VII	Elbasan	12860	12716	144	Alcatel	2000	14860	12400	2400	14800	11009	13209		
	Cerrik	1920	18888	32	Alcatel			1920	1900		1900	1583	1783	
	Belsh	1000	1000		Decadic			1000	630		630	265	365	
	Librazhd	1920	18888	32	Alcatel			1920	2050		2050	1548	1848	
	Prenjas	1008	992	16	Alcatel			1008	1150		1150	866	916	
	Gramsh	1920	18888	32	Alcatel			1920	2200		2200	1849	1899	
	Pecqin	1920	18888	32	Alcatel			1920	2300		2300	1421	1621	
	Subtotal VII	22548	22260	288		2000	24548	22630	2400	25030	18541	21641		

VLORA REGION

Nr.	City Name	YEAR 2003				Switching Capacity				Network Capacity				Subscribers
		Total	Analog	ISDN	Techn	Total	Extent.	2003	Exten.	Total	2003	2004	Total	
VIII	Vlore	7976	7976	0	Alcatel	4000	11976	7100	4400	11500	7008	9008		
	Himare	1008	992	16	Alcatel			1008	1750		1750	676	776	
	Selenice	1008	992	16	Alcatel			1008	2300		2300	687	787	
	Orikum	1008	992	16	Alcatel			1008	1200		1200	749	849	
	Subtotal VIII	11000	10952	48		4000	15000	12350	4400	16750	9120	11420		

FIERI REGION

Nr.	City Name	YEAR 2003				YEAR 2004				Switching Capacity				Network Capacity				Subscribers			
		Total	Analog	ISDN	Techn	Extent.	Total	2003	Exten. year'04	Total	2003	Exten. year'04	Total	2003	Exten. year'04	Total	2004 Total				
IX	Fier	10408	10280	128	Alcatel	3000	13408	9900	3600	13500	8048	11348									
	Patos	2976	2928	48	Alcatel		2976	2250		2250	1934	2134									
	Roskovec	1008	992	16	Alcatel		1008	1300		1300	707	807									
	Ballsh	1920	1888	32	Alcatel		1920	3400		3400	1459	1659									
	Cakran	1000	1000		Decadic		1000	1200		1200	194	494									
	Lushnje	6624	6608	16	Siemens		6624	6500		6500	5520	6320									
	Divjake	768	768		Siemens		768	1200		1200	610	810									
	Subtotal IX	24704	24464	240			3000	27704	25750	3600	29350	18472	23572								

BERATI REGION

Nr.	City Name	YEAR 2003				YEAR 2004				Switching Capacity				Network Capacity				Subscribers			
		Total	Analog	ISDN	Techn	Extent.	Total	2003	Exten. year'04	Total	2003	Exten. year'04	Total	2003	Exten. year'04	Total	2004 Total				
X	Berat	8528	8512	16	Siemens		8528	9100		9100	6636	7836									
	Ura vajgurore	952	952	0	Siemens		952	1300		1300	807	907									
	Skrapar	1808	1808		Decadic		1808	2200		2200	978	1678									
	Polican	1000	1000		Siemens		1000	1200		1200	989	989									
	Kucove	3680	3680	0	Siemens		3680	3700		3700	3202	3402									
	Subtotal X	15968	15952	16			15968	17500		17500	12612	14812									

KORCA REGION

Nr.	City Name	YEAR 2003				YEAR 2004				Switching Capacity				Network Capacity				Subscribers	
		Total	Analog	ISDN	Techn	Extent.	Total	2003	year'04	Total	Exten.	2003	2004	Total	2003	2004	Total		
XI	Korce	9944	9816	128	Alcatel	2000	11944	10000	2400	12400	9778	10828							
	Maliq	1264	1248	16	Alcatel		1264	1200		1200	1103	1153							
	Bilisht	1920	1888	32	Alcatel		1920	2800		2800	1333	1633							
	Ersekë	1264	1248	16	Alcatel		1264	1300		1300	1108	1158							
	Leskovik	488	488	0	Alcatel		488	600		600	291	391							
	Pogradec	5248	5120	128	Alcatel		5248	5000		5000	3897	4797							
	Subtotal XI	20128	19808	320			2000	22128	20900	2400	23300	17510	19960						

GJIROKASTRA REGION

Nr.	City Name	YEAR 2003				YEAR 2004				Switching Capacity				Network Capacity				Subscribers	
		Total	Analog	ISDN	Techn	Extent.	Total	2003	year'04	Total	Exten.	2003	2004	Total	2003	2004	Total		
XII	Gjirokaster	7816	7688	128	Alcatel		7816	9300		9300	5814	6414							
	Libohove	1008	992	16	Alcatel		1008	1450		1450	432	632							
	Sarande	5248	5120	128	Alcatel		5248	4800		4800	3909	4909							
	Ksamil	500	500		Decadic		500	200		200	138	338							
	Konispol	488	488		Alcatel		488	600		600	65	265							
	Delvine	1920	1888	32	Alcatel		1920	3650		3650	1486	1686							
	Permet	1984	1936	48	Alcatel		1984	2550		2550	1831	1881							
	Kelcyre	992	992		Alcatel		992	400		400	370	470							
	Tepelene	1984	1952	32	Alcatel		1984	2800		2800	1313	1513							
	Memaliaj	1408	1376	32	Alcatel		1408	2700		2700	918	1018							
	Subtotal XII	23348	22932	416			23348	28450	28450	28450	28450	16276	19126						

TOTAL CAPACITY OF SWITCHING, LOCAL NETWORK AND SUBSCRIBERS

Nr.	City Name	Switching Capacity				Network Capacity			Subscribers			
		YEAR 2003		YEAR 2004		Total 2003	Exten. year '04	Total 2004	2003 Total	2004 Total	2004 Total	
		Total	Analog	ISDN	Techn.		Extent.					
TOTAL I	290784	287984	2800			35000	323896	325520	39400	364920	227334	279684

The figures expected to be reached in the end of 2004

* The decadic technology mainly crossbar systems

SWITCHING COVERAGE AND POPULATION DENSITY BY CITIES AND DISTRICTS

SWITCHING COVERAGE

POPULATION BY DISTRICT

POPULATION BY CITIES

Switching coverage referring to
the total population of districts
is in range 5 –16 %

Switching coverage is on average
19% of urban population with a few
exceptions below and above

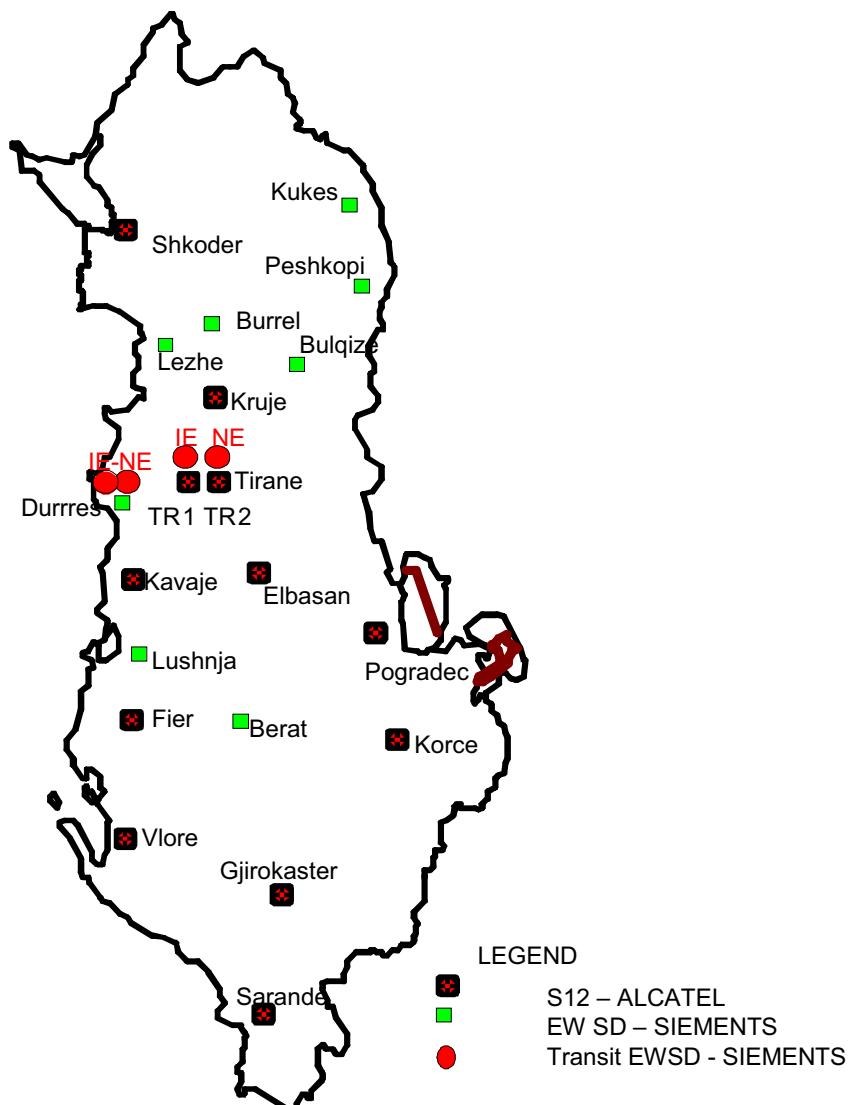
Albtelecom has a low switching coverage at District level but a higher one at Town Level

SWITCHING COVERAGE, POPULATION AND DENSITY BY DISTRICT- 2003-2004

District	Population	Switching Capacity	Population Density	Coverage
SHKODER	266,037	14,040	88	8.5%
KUKES	107,288	6,024	82	5.6%
LEZHA	141,095	9,812	188	6.9%
PESHKOPI	57,990	7,944	124	13%
TIRANE	622,235	99,648	396	16%
DURRES	319,248	35,620	377	11.2%
ELBASAN	417,082	22,548	130	5.4%
VLORE	199,638	11,000	124	5.5%
FIER	439,530	24,704	233	5.6%
BERAT	250,994	15,968	140	6.4%
KORCE	273,538	20,128	110	7.4%
GIROKASTER	268,325	23,348	67	8.7%
TOTAL	3,363,000	290,784	120	8.7%

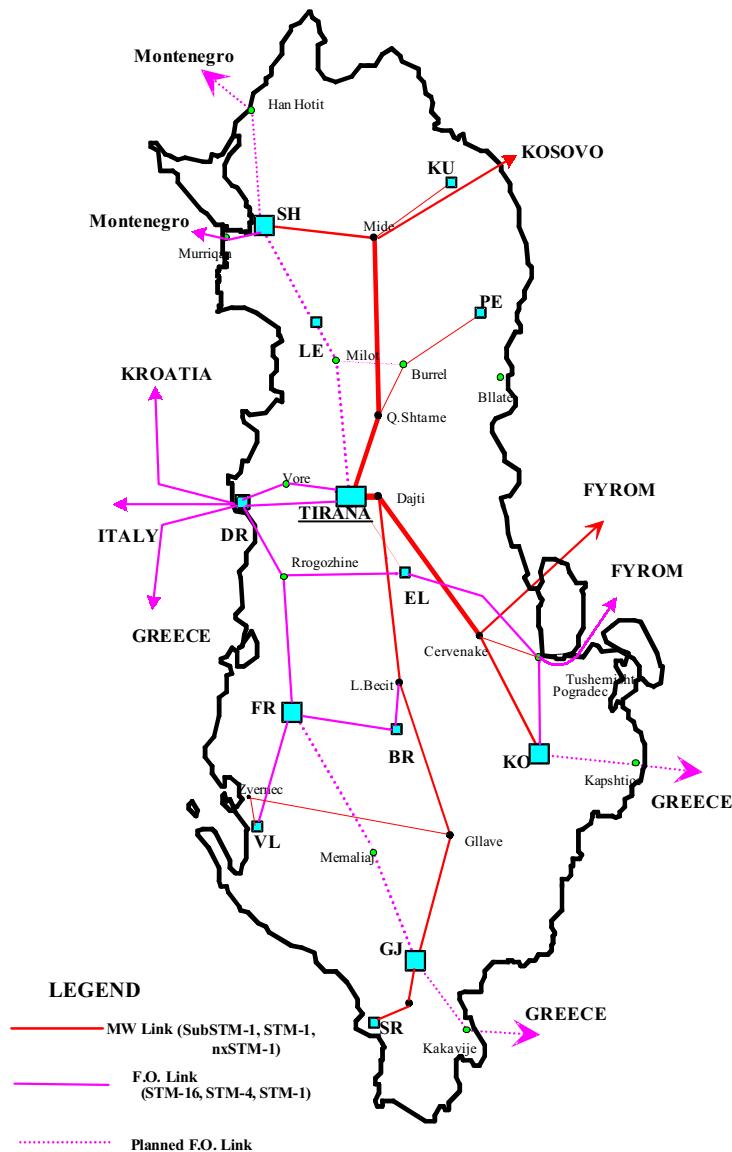
**Switching capacity of the 12 Districts in the range 5%-16% with population density in the range 67-396 persons/Km
Total switching capacity 210,784 subscribers over a population of 3.3 Million people**

DIGITAL SWITCHING NETWORK 2003



Note: On the map are given only the main switching systems

DIGITAL TRANSMISSION NETWORK-2003

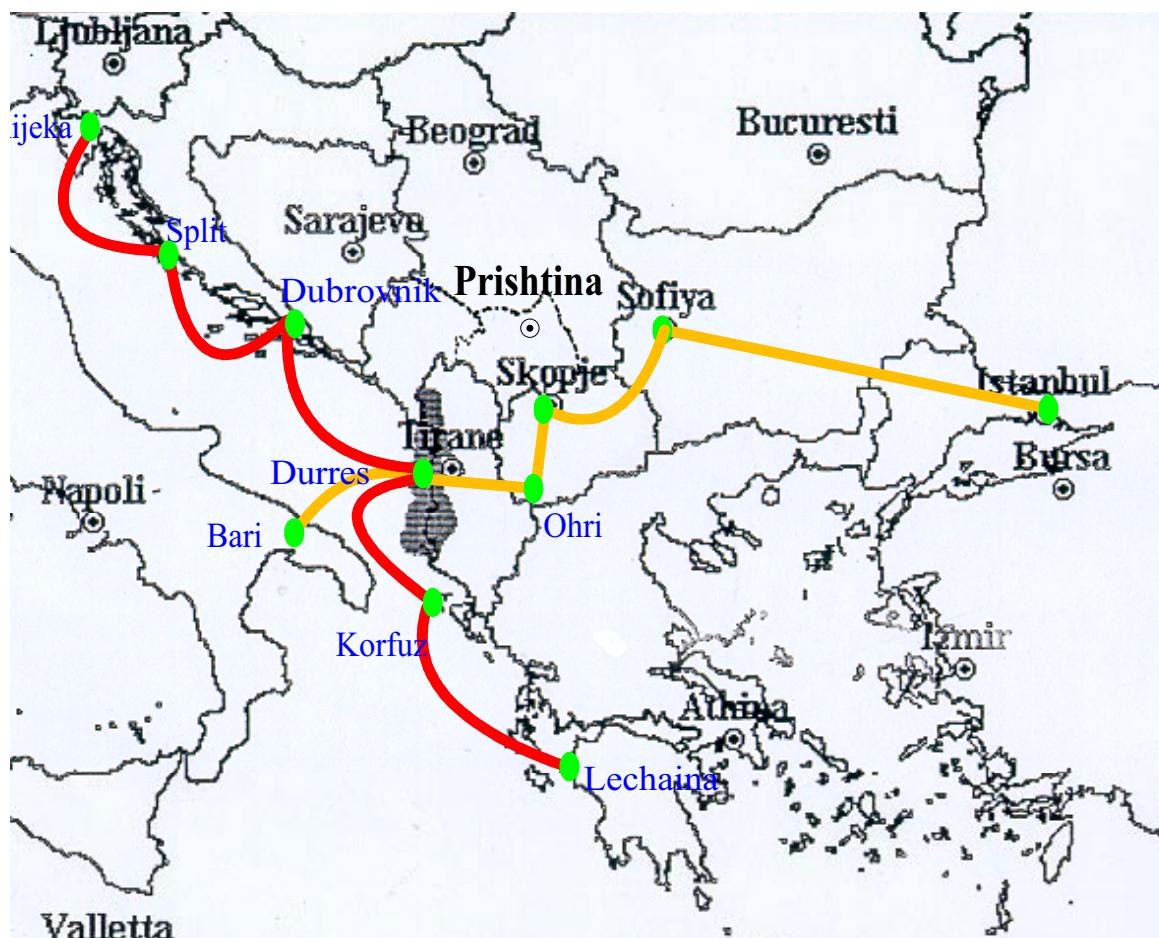


Optical Fiber forecasted to be constructed:

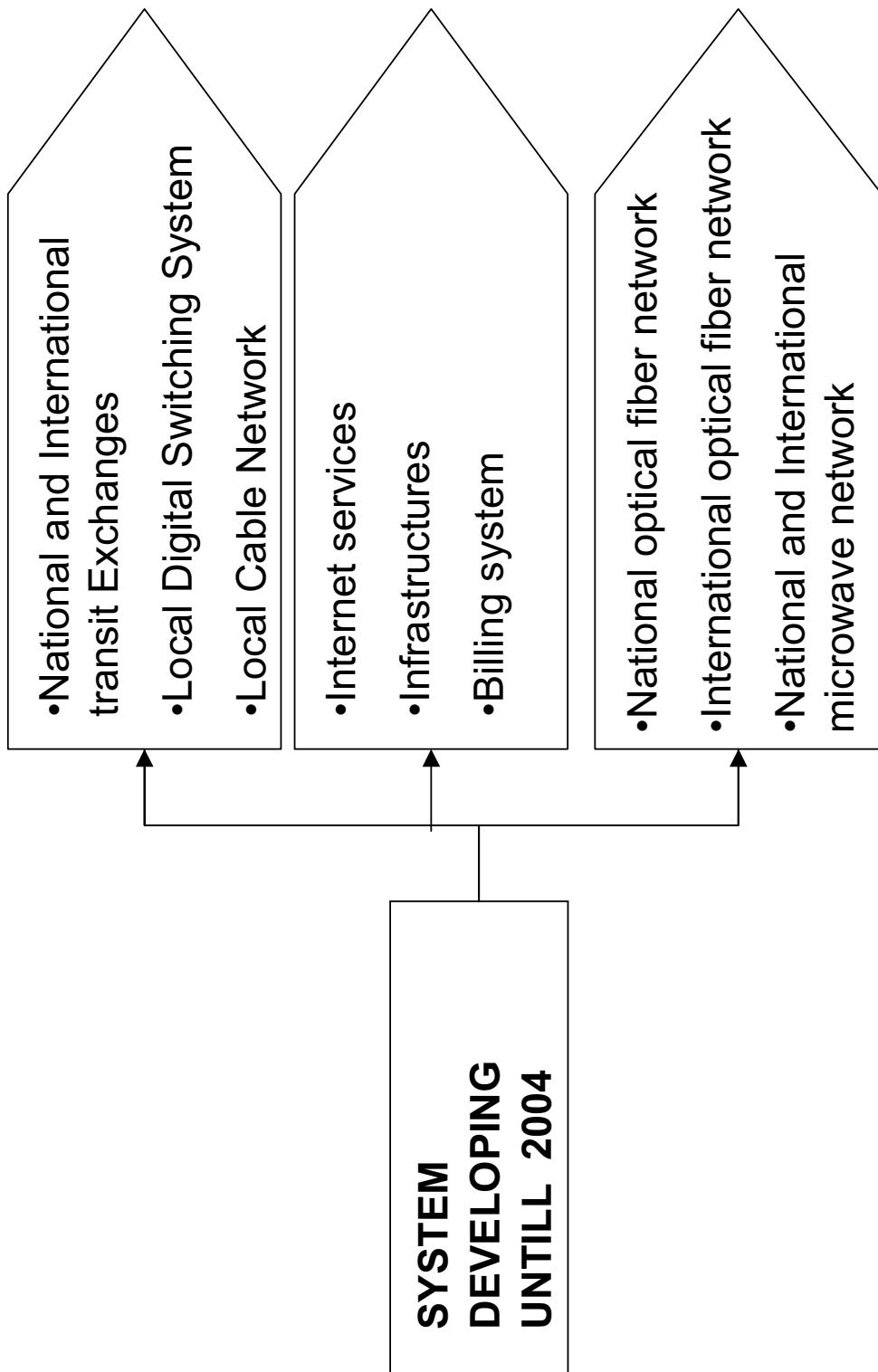
- Tirana- Shkoder- Montenegro
- Gjirokaster- Kakavije
- Korce- Kapshtice

Note: On the map is given only the transmission backbone network

MAIN INTERNATIONAL CONNECTION



TECHNOLOGY AND INFRASTRUCTURE



NATIONAL AND INTERNATIONAL TRANSIT EXCHANGES 1994 TIRANA

NEW EXCHANGE		
	NATIONAL TRANSIT DIGITAL EXCHANGE	INTERNATIONAL TRANSIT DIGITAL EXCHANGE
		TOTAL
EWSD Exchange	1	1
Capacity (ports)	4,000	4,000
Total Cost (USD Million)	2,5	2,5
AT Cost (USD Million)	0	
Financing (USD Million)		Swiss Government Grant
Supplier		Siemens
In Service from		1994

NATIONAL AND INTERNATIONAL TRANSIT EXCHANGES UPGRADE AND EXTENSION 1999 TIRANA

EXTENSION	NATIONAL TRANSIT DIGITAL EXCHANGE	INTERNATIONAL TRANSIT DIGITAL EXCHANGE	TOTAL
EWSD Exchange	1	1	
Capacity (ports)	4,000	4,000	8,000
Total Cost (USD Million)		1,4	1,4
AT Cost (USD Million)		1,4	1,4
Financing (USD Million)		Albtelecom Self Financing	
Supplier		Siemens	
In Service from		2000	

NEW NATIONAL AND INTERNATIONAL TRANSIT EXCHANGES DURRES

	NEW EXCHANGE	NATIONAL AND INTERNATIONAL TRANSIT DIGITAL EXCHANGE	TOTAL
EWSD Exchange		1	
Capacity (ports)		13,800	13,800
Total Cost (USD Million)		1,6	1,6
AT Cost (USD Million)		1,6	1,6
Financing (USD Million)		Altelecom Self Financing	
Supplier		Siemens	
In Service from		2000	

DIGITAL SWITCHING NETWORK

Alcatel S12 technology 1996-2004

	TECHNOLOGY	CAPACITY (subscribers)	TOTAL COSTS (Mln)	IN SERVICE FROM
1	ALCATEL-S12	46000	6.7 \$	1996
2	"	4000	0.6\$	1996
3	"	20000	1.7\$	1997
4	"	40000	4.2\$	1998-1999
5	"	33000	3 \$	2000
6	"	10000	1.5 \$	2000
7	"	48000	5.7\$	2001
8	"	9500	1.3\$	2004
9	TOTAL	210500	24.7\$	
*		34000	5 \$	beginning 2005

* This investment is under procurement procedure

DIGITAL SWITCHING NETWORK

SIEMENS EWSD technology 1996-2004

	TECHNOLOGY	CAPACITY (subscribers)	TOTAL COSTS (Mln)	IN SERVICE FROM
1	SIEMENS-EWSD-transit	9000 (ports)	2.5 \$	1994
2	" (upgrade and extension)	9000 (ports)	1.4\$	2000
3	SIEMENS-EWSD-transit new	13800 (ports)	1.6\$	2000
4	SIEMENS-EWSD (local)	59000 subs.	7 E	2001
5	"	4000 "	0.9 E	2002
6	NETMANAGER (+spare)		0.6 E	2003
7	SIEMENS-EWSD (local)	8000 "	1 E	2004
8				
9	TOTAL	31800 p + 71000 s	24.7\$	

LOCAL CABLE NETWORK

	TECHNOLOGY	CAPACITY (pairs)	TOTAL COSTS (Mln)	IN SERVICE FROM
1	ALCATEL-SIETE, Albanian companies	78000	22 \$	1996-1997
2	"	46000	12\$	1997-1998
3	"	44200	1320 Mln leke	1999-2000
4	"	42900	10 E	2001
5	"	36600	916 Mln leke	2002-2003
6	"	9400	181 Mln leke	2003
7	TOTAL	257100	69 \$*	
8	**	39400	934 Mln leke	Beginning 2005

* Approximately value

** expected to be in service beginning 2005 (under procurement procedure)
 -In the above costs are included all cables and accessories

NATIONAL OPTICAL FIBER NETWORK

1996

	LONG DISTANCE OPTICAL FIBER LINKS	LOCAL OPTICAL FIBER LINKS	TOTAL
► Links	Tirana - Durres (3x155 Mb/s) Durres - Rogozhine (2x155 Mb/s) Rogozhine - Fier (1x155 Mb/s) Fier - Vlore (1x155 Mb/s) Rogozhine - Elbasan (1x155 Mb/s) Durres - Shijak (1x34 Mb/s) Elbasan - Peqin (1x34 Mb/s)	Tirana (TR1) - Tirana (TR2) (3+1)x155 Mb/s Tirana (TR1) - 8 x RSU (7x34) Mb/s Vlora -RSU (1x34) Mb/s	
► Length	210 Km	40 Km	250 Km
► Total Cost (USD Million)		4.4	4.4
► AT Cost (USD Million)		4.4	4.4
► Financing (USD Million)		Italian Government Soft Loan (3.3) and AT (1.4)	
► Supplier		Sirti	
► In Service from		1997	

INTERNATIONAL OPTICAL FIBER NETWORK 1996-1997

	OPTICAL FIBER SUBMARINE CABLE SYSTEM - ADRIA 1 PROJECT	OPTICAL FIBER SUBMARINE CABLE SYSTEM - TBL PROJECT*	TOTAL
Links	Durres (Albania) - Dubrovnik (Croatia) (1+) x 622 Mb/s Durres (Albania) - Korfu (Greece) (1+) x 622 Mb/s	Durres (Albania) - Bari (Italy) (1+1) x 622 Mb/s	
Length	520 Km	230 Km	750 Km
Total Cost (USD Million)	15	10	25
AT Cost (USD Million)	1.7	4	5.7
Financing (USD Million)	Grand Phare Program	Telecom Italia Loan	
Supplier	Alcatel Submarcom - France	Maristel, Pireli, Alcatel	
Project Parties	AT, Deutsche Telecom, OTE, Croatian Telecom	AT, Telecom Italia	
In Service from	1996	1997	

INTERNATIONAL OPTICAL FIBER NETWORK

1999-2002

	LONG DISTANCE OPTICAL FIBER LINKS	LONG DISTANCE OPTICAL FIBER LINKS	TOTAL
Links	Shkodra - Podgorica (1 x 155 Mb/s) (cross border)	Elbasan (Albania) - Tushemisht (1+1) x 155 Mb/s (cross border)	
Length	20 Km	90 Km	110 Km
Total Cost (USD Million)	0.15	1.44	1.6
AT Cost (USD Million)	0.15	1.44	1.6
Financing (USD Million)	AT	AT	
Supplier	Pireli, Siemens	Pireli	
In Service from	1999	2003	

NATIONAL OPTICAL FIBER NETWORK 2001-2002

	LOCAL OPTICAL FIBER LINKS	TOTAL
Links	Lushnja-Divjaka (1 x 155 Mb/s) Elbasan-Libratzhd (1x155 Mb/s) Berat-Kucove (1 x 155 Mb/s) Elbasan-Prenjas (1x155 Mb/s) Berat - Ura Vajgurore (1 x 155 Mb/s) Elbasan-Pogradec STM 16	
Length	60 Km	60 Km
Total Cost (USD Million)	1.06	1.06
AT Cost (USD Million)	1.06	1.06
Financing (USD Million)	AT	
Supplier	Siemens	
In Service from	2001	

* The cost of link Elbasan-Libratzhd-Prenjas is included to International link Elbasan-Tushemisht.

NATIONAL OPTICAL FIBER NETWORK

2003-2004

	LONG DISTANCE OPTICAL FIBER LINKS	TOTAL
Links	Durres- Fier STM16, Fier - Berat STM 4 , Fier-Vlore STM4, Elbasan-Durres STM16, Pogradec-Korce STM 16 Tirana - Durres 2x STM 16 Korce - Kapshtice (1 x 155 Mb/s) Tirana (TR1) - 2 x RSU (1x155) Mb/s Tirana (TR2) - 2 x RSU (1x155) Mb/s TR1-TR2-TR3 (ring) STM4	
Length	40 Km	40 Km
Total Cost(USD Million)	3	3
AT Cost (USD Million)	3	3
Financing (USD Million)	AT	
Supplier	Expected	
In Service from	Expected beginning 2005	

* Under procurement procedure

NATIONAL AND INTERNATIONAL MICROWAVE NETWORK

INTERNATIONAL & NATIONAL MICROWAVE LINKS	
Links	Tirane (DTN) -Dajt Dajt -Cervenake Dajt -(Lisi Beçit-Gllave Cervenake -Korce Cervenake -Other(MAC.) Cervenake -Pogradec Gllave - Gjirokaster Gjirokaster-Nik.-Qafa-Sarande Tirana DTN) -Kruje Tirana(TR1) -Q.Shtame Q.Shtame -Mide Mide -Shkoder Mide-Kosove
N of Microwave links	15
N° of Antenna Towers	11
Total Cost(USD Million)	5.8
AT cost (USD Million)	5.8
Financing (USD Million)	Italian Government Soft Loan(4.8) and AT (1)
Supplier	SIRTI, SIEMENS
In service from	1997-2001

OPERATIONAL SITES AND TRANSMISSION EQUIPMENT YEAR 2002

Nr	MICROWAVE LINKS	BAND	CAPACITY
1	Belsh-Allabegaj-Elbasan	18-18 GHZ	16x2 Mb/s
2	Shengjin-Ishull Lezhe-Lezhe	18-18 GHZ	16x2 Mb/s
3	Rubik-Pers.I-Pers.2-Rreshen	18-18-18 GHZ	16x2 Mb/s
4	Mide-Pers.-F.Arrres	18-18 GHZ	16x2 Mb/s
5	Leskovik-Kollovos-Pepellash-Korce	18-7-18 GHZ	16x2 Mb/s
6	Konispol-Mile-Sarande	18-18 GHZ	16x2 Mb/s
7	Kelcyre-Kugar-Gilave	18-7 GHZ	16x2 Mb/s
8	Durrres-Manez	18 GHZ	16x2 MHz
9	Shkoder-Tarabosh-Kruje	18-7-18 GHZ	16x2 Mb/s
10	Cakran-Fier	18 GHZ	16x2 Mb/s
	Nº of Microwave links	10	
	Total Cost UDS Million	0.5	
	AT cost (USD Million)	0.5	
	Financing (USD Million)	AT (0.5)	
	Supplier		
	In service	2002	

OPERATIONAL SITES AND TRANSMISSION EQUIPMENTS

AUGUST 2004

Nr.	MICROWAVE LINKS	TYPE	BAND	CHANNEL NUMBERS	CAPACITY
1	SHKODER-MIDE	SRT 1	6 GHz	1+1	155 Mb/s
2	MIDE-Q.SHTAME	SRT 1	6 GHz	1+1	155 Mb/s
3	MIDE-Q.SHTAME (KS)	SRT 1	6 GHz	1+1	155 Mb/s
4	TIRANE-Q.SHTAME	SRT 1 C	6 GHz	2+1	155 Mb/s
5	DTA-DAJT	SRT 1	11 GHz	3+1	155 Mb/s
6	DAJT - CERVENAKE	SRT 1	6 GHz	2+1	155 Mb/s
7	CERVENAKE-KORCE	SRT 1	6 GHz	1+1	155 Mb/s
8	CERVENAKE-OHIER	SRT 1	6 GHz	1+1	155 Mb/s
9	DAJT - LBECIT	SRT 1	6 GHz	1+1	155 Mb/s
10	L.BECIT-GLLAVE	SRT 1	6 GHz	1+1	155 Mb/s
11	GLLAVE-GJIROKASTER	SRT 1	6 GHz	1+1	155 Mb/s
12	GJIROKASTER-SOPOT	SRT 1	6 GHz	1+1	155 Mb/s
13	SOPOT-SARANDE	SRT 1	6 GHz	1+1	155 Mb/s
14	DTA-KRUJE	GTE	7 GHz	1+1	34 Mb/s
15	CERVENAKE-POGRADEC	GTE	7 GHz	1+1	34 Mb/s
1	DTA-DAJT	SAT	7 GHz	1+1	34 Mb/s
2	DAJT-DUURES	SAT	7 GHz	1+1	34 Mb/s
1	ELBASAN-ALLABEGAJ-BELSH	DRL 18G	18 GHz	1+0	34 Mb/s
2	ELBASAN-CERRIK	DRL 18G	18 GHz	1+0	34 Mb/s
3	ELBASAN-PETRESH	DRL 18G	18 GHz	1+0	34 Mb/s
4	PESHKOPI-P1-P2-KUKES	DRL 18G	18 GHz	1+0	34 Mb/s
5	MIDE-PERSERITES-F.ARRES	DRL 18G	18 GHz	1+0	34 Mb/s
6	PEPELLASH-KORCE	DRL 18G	18 GHz	1+0	34 Mb/s
7	KOLLOVOS-PEPELLASH	DRL 7G	7 GHz	1+0	34 Mb/s
8	LESKOVIK-KOLLOVOS	DRL 18G	18 GHz	1+0	34 Mb/s
9	KUQAR-GLLAVE	DRL 7G	7 GHz	1+0	34 Mb/s
10	KELCYRE-KUQAR	DRL 18G	18 GHz	1+0	34 Mb/s

Nr.	MICROWAVE LINKS	TYPE	BAND	CHANNEL NUMBERS	CAPACITY
11	SHKODER-KOPLIK	DRL 18G	18 GHz	1+0	34 Mb/s
12	SHKODER-TARABOSH	DRL 18G	18 GHz	1+0	34 Mb/s
13	TARABOSH-KRUJE	DRL 7G	7 GHz	1+1	34 Mb/s
14	KRUJE-DTA	DRL 18G	18 GHz	1+0	34 Mb/s
15	SARANDE-MILE	DRL 18G	18 GHz	1+0	34 Mb/s
16	LEZHE-PREZE	DRL 7G	7 GHz	1+0	34 Mb/s
17	PREZE-DTA	DRL 18G	18 GHz	1+0	34 Mb/s
18	RRESHEN-PERLAT-Q.SHTAME	DRL 18G	18 GHz	1+0	34 Mb/s
19	PESHKUPI-Q.MURRE-BURREL	DRL 18G	18 GHz	1+0	34 Mb/s
20	BURREL-Q.SHTAME	DRL 18G	18 GHz	1+0	34 Mb/s
21	BULQIZE-M.KRESHTES-BURREL	DRL 18G	18 GHz	1+0	34 Mb/s
22	KORCE-MORAVE	DRL 18G	18 GHz	1+0	34 Mb/s
23	MARGEPLIC-FIER	DRL 18G	18 GHz	1+0	34 Mb/s
24	VLORE-KANINE-LLAGARA-HIMARE	DRL 18G	18 GHz	1+0	34 Mb/s
25	VLORE-ZVERNEC	DRL 18G	18 GHz	1+0	34 Mb/s
26	GJIROKASTER-SOPOT-DELVINE	DRL 18G	18 GHz	1+0	34 Mb/s
1	MIDE-KUKES	SRAL	7 GHz	1+1	34 Mb/s
2	GLLAVE-ZVERNEC	SRAL	7 GHz	1+0	8X2 Mb/s
3	LSI BECIT-POLICAN	SRAL	18 GHz	1+0	8X2 Mb/s
4	PREZE-SHENGJIN	SRAL	7 GHz	1+0	4X2 Mb/s
5	MIDE-PUKE	SRAL	18 GHz	1+0	4X2 Mb/s
6	MIDE-DOBRENJ-HAS	SRAL	18 GHz	1+0	4X2 Mb/s
7	MIDE-DOBRENJ-B.CURRI	SRAL	18 GHz	1+0	4X2 Mb/s
8	PESHKUPI-L.TRENES	SRAL	18 GHz	1+0	4X2 Mb/s
9	DTA-DAJT	SRAL	18 GHz	1+0	4X2 Mb/s
10	DAJT-PETRESH	SRAL	18 GHz	1+0	4X2 Mb/s
11	PETRESH-KANAQ	SRAL	18 GHz	1+0	4X2 Mb/s
12	KANAQ-GRAMSH	SRAL	18 GHz	1+0	4X2 Mb/s
13	MARGEPLIC-ROSKOVEC	SRAL	18 GHz	1+0	4X2 Mb/s
14	MARGEPLIC-PATOS	SRAL	18 GHz	1+0	4X2 Mb/s

Nr.	MICROWAVE LINKS	TYPE	BAND	CHANNEL NUMBERS	CAPACITY
15	MARGEVIC-BALLSH	SRAL	18 GHz	1+0	4X2 Mb/s
16	MORAVE-BILISHT	SRAL	18 GHz	1+0	4X2 Mb/s
17	MORAVE-MALIQ	SRAL	18 GHz	1+0	4X2 Mb/s
18	PEPELLASH-ERSEKE	SRAL	18 GHz	1+0	4X2 Mb/s
19	ZVERNEC-TREBLOVE	SRAL	18 GHz	1+0	4X2 Mb/s
20	SELENICE-TREBLOVE	SRAL	18 GHz	1+0	4X2 Mb/s
21	ZVERNEC-ORIKUM	SRAL	18 GHz	1+0	4X2 Mb/s
22	GILLAVE-TEPELENE	SRAL	18 GHz	1+0	4X2 Mb/s
23	GILLAVE-MEMALIAJ	SRAL	18 GHz	1+0	4X2 Mb/s
24	GILLAVE-PERMET	SRAL	7 GHz	1+0	4X2 Mb/s
25	GILLAVE-GRADEC	SRAL	18 GHz	1+0	4X2 Mb/s
26	GRADEC-SKRAPAR	SRAL	18 GHz	1+0	4X2 Mb/s
27	MILE-KSAMIL	SRAL	18 GHz	1+0	4X2 Mb/s
28	MILE-KONISPOL	SRAL	7 GHz	1+0	4X2 Mb/s
29	CERVENAKE-PRRENJAS	SRAL	18 GHz	1+0	4X2 Mb/s
1	LAC-PREZE	NERA	13 GHz	1+0	8 Mb/s
2	MAMAURRAS-PREZE	NERA	13 GHz	1+0	8 Mb/s
3	KRUJE-F.KRUJE	NERA	13 GHz	1+0	8 Mb/s
1	GJIROKASTER-LIBOHOVE	IDR 21	2 GHz	1+0	4X2 Mb/s

RURAL AREAS LOW CAPACITY MICROWAVE LINKS 1997-2001

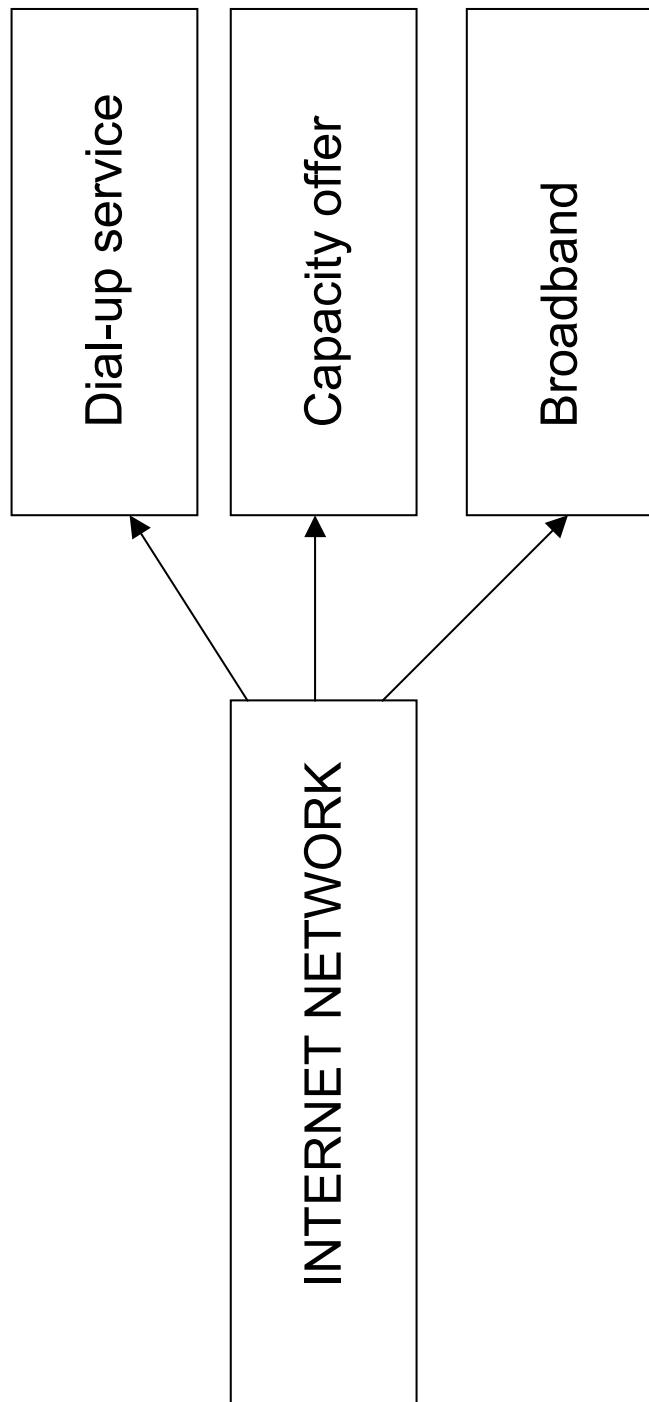
	NATIONAL MICROWAVE LINKS
Nº of Microwave links Nº of Antenna Towers	400
Total cost (USD Million)	• 4.2
AT cost (USD Million)	• 4.2
Financing (USD Million)	• AT
Supplier	• Intracom
In service from	• 1997 (20); 1998 (72); 1999; (90); 2000 (102); 2001 (140)

RURAL AREAS MICROWAVE LINKS 1997-2001

Nr	Region	Commune	capacity
1	Berat	Sinje,Lumas,Terpan,Roshnik,Sinanaj,Vertop,Cukalat,Perondi,Kozare,Bogove,Cepan,Radesh,Leshnje,Potom,Qender,Vendre-zhe,V erzheze,Zhepe,Radsh	4 Ch
2	Peshkopi	Magellare,Lure,Kastriot,F. Cidhen,Ul ez,Deri an,Baz,Lis,Kraste,Gure,Komsj,Macuku11,Rukaj,Suc,Xiber, F.Bulgize,Gjorice,Zergan.	4 Ch
3	Durres	Man ze,Sukth,Ishem,Hamallaj,Gijpalaj,Maminas,Katund I ri,Kryevidh,Gose,Helmes,Lekaj,Luz I vogel,	4 Ch
4	Elbasan	Kajan,Mollas,Funare,Shmil,Gjinari,Klos,Gracen,L.Fush,Rrase,Shlrgjan,Shush 1ce,Tregan,Zavalin,Sheze,Gjocaj,Pajove,Perparim,Hotolish,Lunik,Orenje,Polls,Rraje,Stravaj,Skenderbeg,Kushtove Sult,Tunje,Porocan,Drize,Kukur,Lenje,Kodovjat,Gjerbes.	4 Ch
5	Fler	Levan,Ruzhdij e,Frukull, S eman,Hoxhare,Kurjan,Libofsne,Hekal,Aran 1tas,Fratar,Greshice,Ngracan, Qender,Selite, Remas,Bubullime,Ballagat, KOLONIE,Gradishte,Divjake,Alkkaj,Grabian,Krutje,Dushk,F,Shegan,Golem,Pluk,Cerme,Hysgjokaj,Karbunare.	4 Ch
6	Gjirokaster	Jorgucat,Kakavijje,Glina,J azarat,Picar,Cepo,Antigon,Nivan,Lun-xheri,Odrie,Qend.Libohove,Sinanaj,Buz,Krahas,Luftnije,Qesarat,Frasher,Petran,Qender,S uke,Ballaban,Aliko,Livadhja,Xare,Lukove,Borsh,Konispol,Dhiver,Mankat,Shales,Finiq,Mesopotam,Vergo	4 Ch
7	Kukes	Bicaj,Morine,Shitgen,Surroj,Terthore,Kolsh,Shishtavec,Arren,Malzi,Bushtice,Gostil,Borie,Topo ian,Zapod,ropoje,Lekbibaj,Lugaj,Fierze,Margegaj,Kurnaje.	4 Ch
8	Korce	Poj an,Pirg,Voskopoje,Voshtas,Vithkuq,Bulgarec,Drenove,Mollaj,Bucimas, Velcan,Praptisht,Trebijnje,Cerrave,Udenislit,Cirim,Leskovik,Barmash,Mollas,Novosele,Proger,Hocisht,Miras	4 Ch
9	Lezhe	Ungrej,B linisht,Shengj in,Zejmen,Daj c,B alldren,Kallmet,Kol sh,F ush Kuge,Milot,Perlat,Kacinar,Fan,Reps,Rubik,Kurbnesh.	4 Ch
10	Shkoder	Shiroke,Gur I zi Velipoje,Gruemire,Bushat,Dajc,Dukagjin,Shllak, Van Dejes,Ana Malit,Berdice,Hajmel,Postribe,Rrethina,Mide-ShoshMide-'Femal,Mjede,Blerim, Qerret,Quelet,Iballe,Gjegjan,	4 Ch

RURAL AREAS MICROWAVE LINKS 1997-2001

Nr	Region	Commune	capacity
11	Tirane	Preze,Ndroq,Kashar,Pezë,Krrabë,Zallher,Berzhitë,Petrelë,Shengjergj,Baldushk,Berxullë,Dajt(Limz),Farke,Bupq, Thumane, Cudhi,Nikel,	4 Ch
12	Vlore	Kuc,Vranisht,Kotë,Novosele,Ramnicë,Annen,Brataj,Sevaster,, Orikum,Selenice	4 Ch



FIRST INVESTMENT

- Internet service of Albtelecom was set into operation in 2000, after a study performed by its specialists during 1999.
- The first investment (394.260 USD) is done by Alcatel company through a contract CO-07/06/99.
- The internet services is put in operation in December, 2000
- With this investment, Albtelecom began to offer internet services in 5 main cities: Tirane, Durres, Korce, Vlore, Fier.
- Sea bone is its international internet provider. At the end 2000 it was a connected with 2 X 2 Mbps access with Sea bone

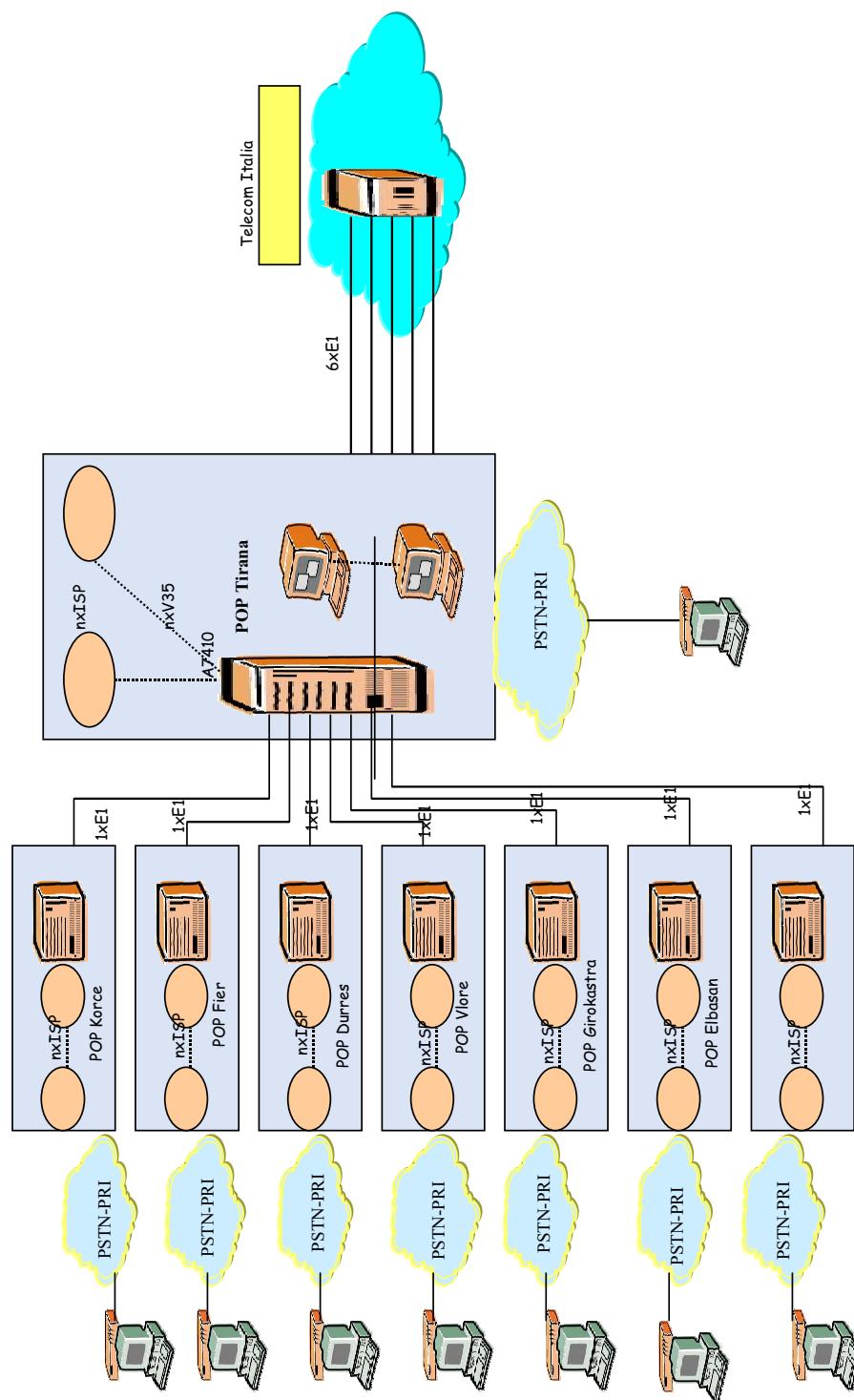
SECOND INVESTMENT

- The second investment is done through a contract CO-01/07ALBT/01 signed in 2001 (234.222 USD) , and finished in 2002 , after which in August 2002 three other cities: Gjirokastra, Elbasan and Shkodra were able to offer the internet services, .
- International access was upgraded to 3 X 2 Mbps.

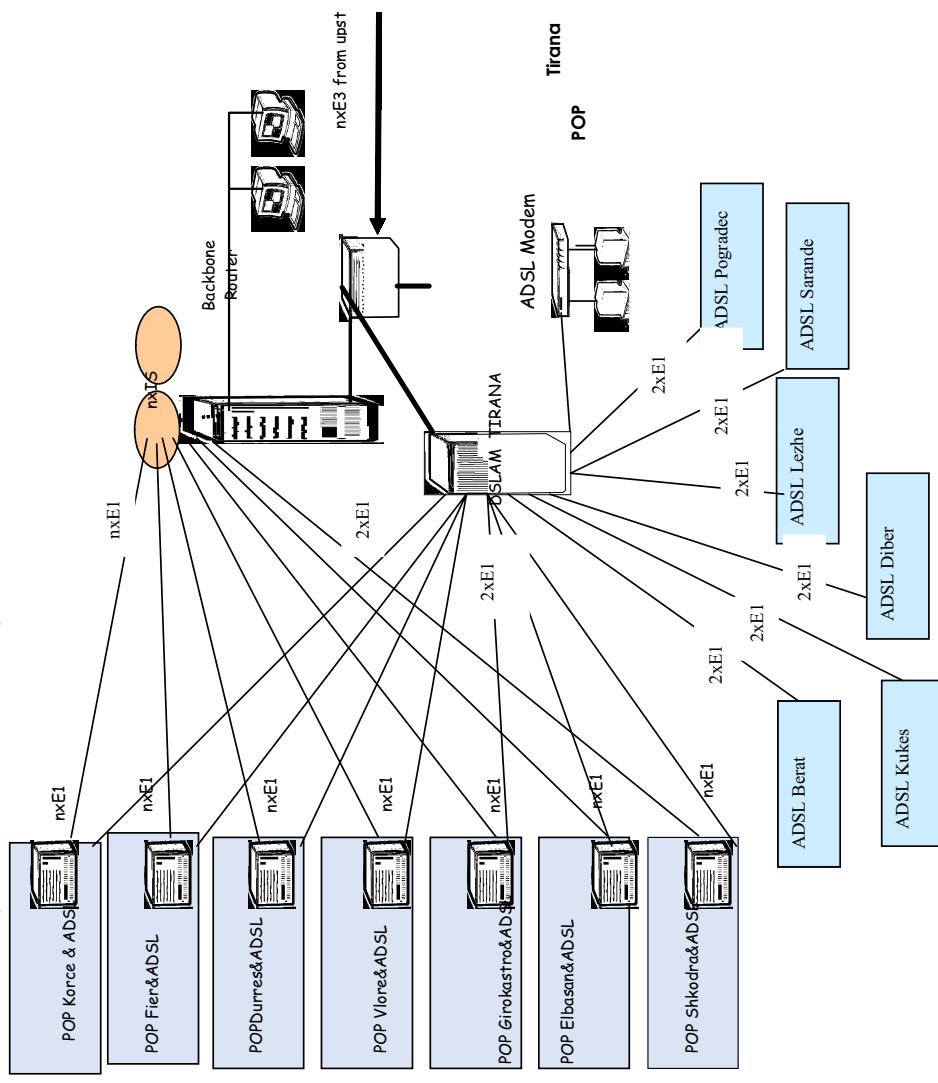
THIRD INVESTMENT

- Will include the extension of the internet backbone and implementation of the ADSL technology in a value of nearly 386.334 Euro signed with Alcatel
- Also, the international access will be through E3 capacity and from 2 or more international providers

INTERNET BACKBONE OF ALBTELECOM



INTERNET NETWORK - ADSL (Broadband service) (under implementation expected to be in service end 2004)



CUSTOMER CARE AND BILLING SYSTEM

(under implementation)

Customer care and billing system

Contract with BEARING POINT Company –AUSTRI

Total cost: 1 Mln EURO

The system will produce the detailed billing invoice for all subscribers of Albtelecom network

The system will provide lot of facilities to the network and subscribes

AGENDA

INDRODUCTION

COMPANY ORGANIZATION

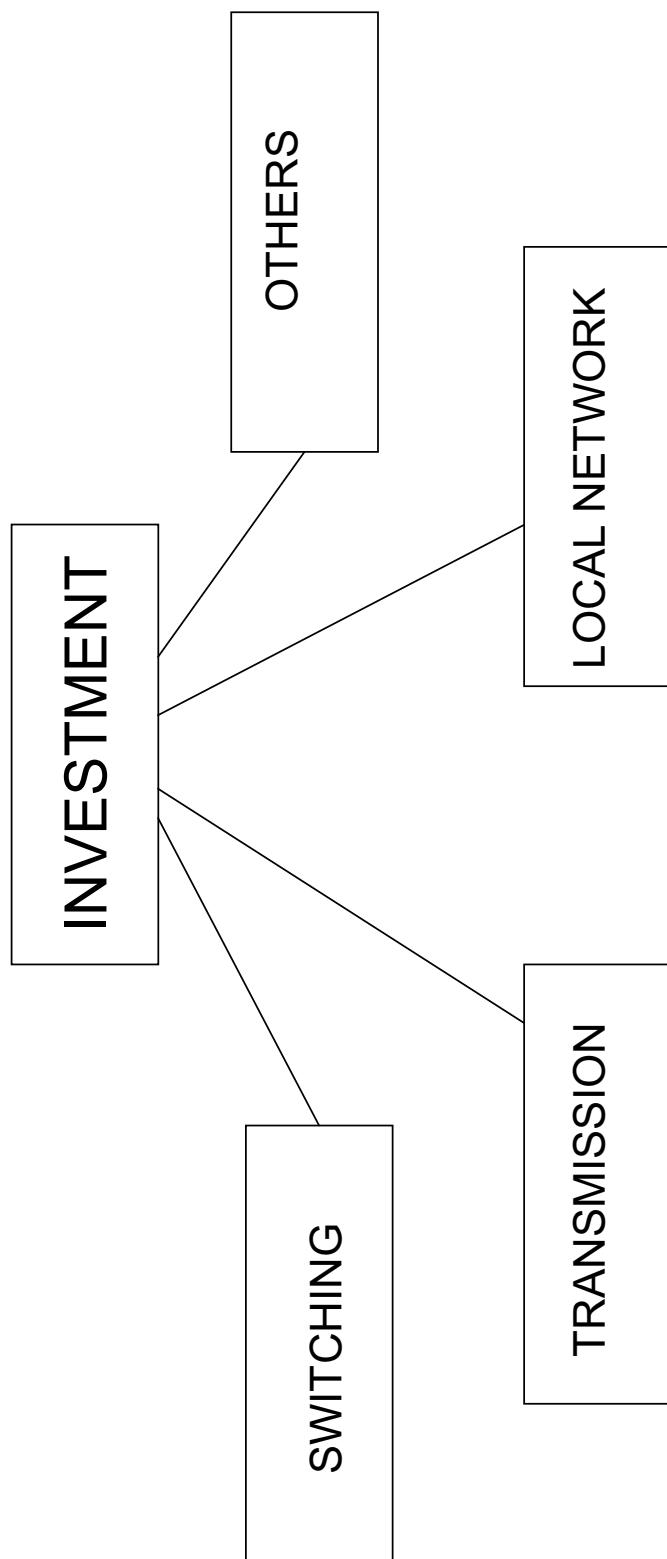
FINACIAL DATA

TRAFFIC DATA AND TARIFFS

NETWORK AND SYSTEMS DATA

MAIN INVESTMENT

INVESTMENT PLAN 1992-2004



THE REALIZED INVESTMENTS FOR THE 1992-1999 PERIOD

NR	INVESTMENTS ON YEARS THE 1992-1999 PERIOD	Unit	TOTAL REALIZATION
1	YEAR 1992	Mln Leke	
2	YEAR 1993	"	15.8
3	YEAR 1994	"	295.6
4	YEAR 1995	"	1642
5	YEAR 1996	"	1944.8
6	YEAR 1997	"	1288.6
7	YEAR 1998	"	1014.6
8	YEAR 1999	"	895.6
			The 168 400 total lines capacity of switching
			The 250 100 total lines of cable network.

THE REALIZED INVESTMENTS FOR THE YEAR 2000

NR.	DESCRIPTION	UNIT	VALUE
1	SWITCHING INVESTMENTS	Mln Leke	1,371
	Expansion of present switching capacities with 58800 new lines	"	
2	DIGITAL TRANSMISSION INVESTMENTS	"	433
3	URBAN NETWORK INVESTMENTS	"	129
	Expansion of urban networks in several cities with 1200 new lines.	"	
4	INTERNET INVESTMENTS	"	60
5	ALCATEL SYSTEMS AND NETWORK	"	214
6	INFRASTRUCTURE INVESTMENT	"	433
	TOTAL	"	2,640

THE REALIZED INVESTMENTS FOR THE YEAR 2001

NR.	DESCRIPTION	UNIT	VALUE
1	SWITCHING INVESTMENTS <i>Expansion of present switching capacities with 83500 new lines</i>	Mln Leke	1,326
2	DIGITAL TRANSMISSION INVESTMENTS		478
3	URBAN NETWORK INVESTMENTS <i>Expansion of urban networks in several cities with 46300 new lines</i>		705
4	RURAL ZONES INVESTMENTS		225
5	INTERNET INVESTMENTS		0
6	ALCATEL SYSTEMS AND NETWORK		214
7	INFRASTRUCTURE INVESTMENT		451
	TOTAL		3,185

THE REALIZED INVESTMENTS FOR THE YEAR 2002

NR.	DESCRIPTION	UNIT	VALUE
1	SWITCHING INVESTMENTS <i>Expansion of present switching capacities with 6220 new lines</i>	Mln Leke	0
2	DIGITAL TRANSMISSION INVESTMENTS	"	76
3	URBAN NETWORK INVESTMENTS <i>Expansion of urban networks in several cities with 33100 new lines</i>	"	265
4	RURAL ZONES INVESTMENTS	"	0
5	INTERNET INVESTMENTS	"	0
6	ALCATEL SYSTEMS AND NETWORK	"	0
7	INFRASTRUCTURE INVESTMENT	"	110
	TOTAL	"	451

THE REALIZED INVESTMENTS FOR THE YEAR 2003

NR.	DESCRIPTION	UNIT	VALUE
1	SWITCHING INVESTMENTS <i>Expansion of present switching capacities with 5592 new lines</i>	Mln Leke	255
2	THE URBAN NETWORK INVESTMENTS <i>Expansion of urban networks in several cities with 9400 new lines</i>		376
3	DIGITAL TRANSMISSION INVESTMENTS		65
4	INTERNET INVESTMENTS		100
5	BILLING SYSTEM INVESTMENTS		150
6	INFRASTRUCTURE INVESTMENT		43
7	THE INFORMATION NETWORK INVESTMENTS AT GENERAL DIRECTORY		26
8	PCM INVESTMENTS		96
		"	1,112

RESUMING TABLE OF THE EXPECTED INVESTMENTS FOR THE YEAR 2004

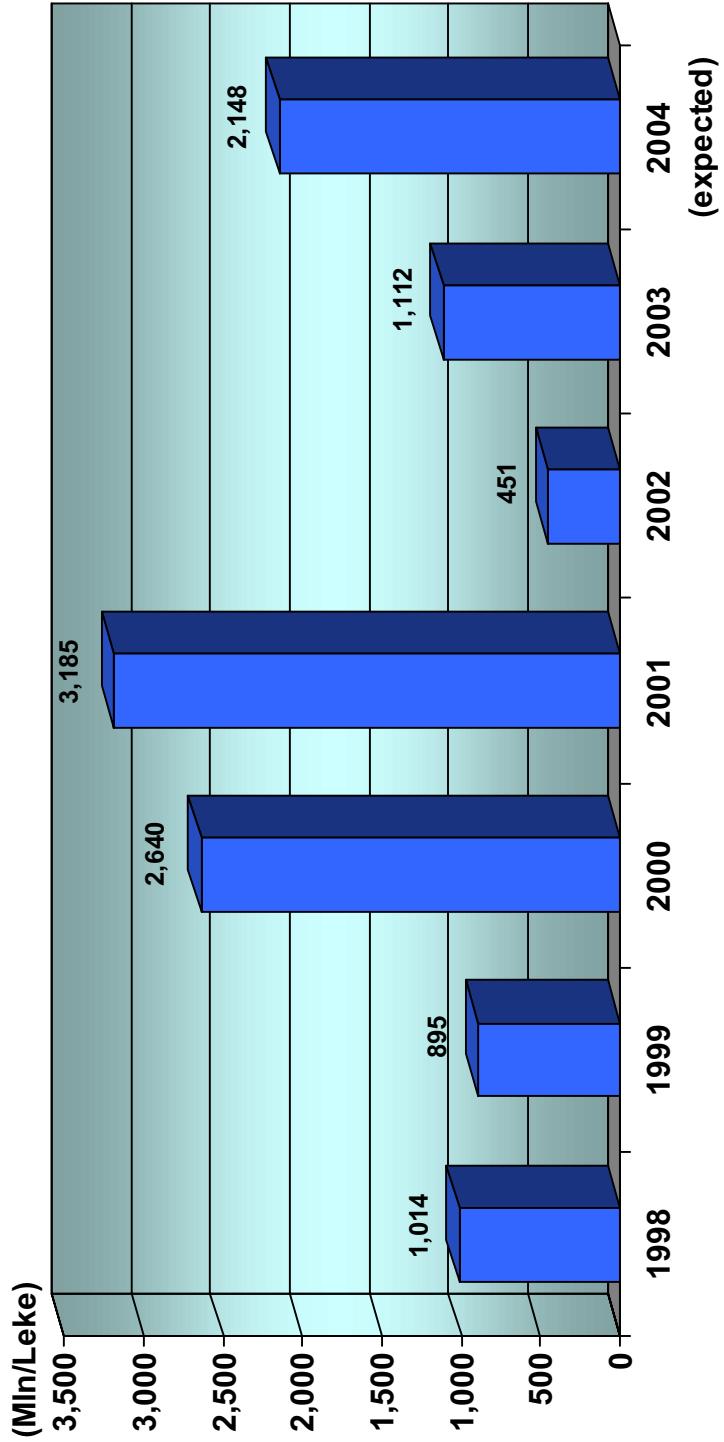
Nr.	Object Description	Expected to be in service year 2004 (Mln Leke)
1	Urban Network	934
	The build of 39400 lines of cable network in the cities: Tirane(TR3), Shkoder, Lezhe (Milot), Fier, Korce, Vlore, Elbasan	
2	Switching Network	760
	The expansion of present switching in Tirane & several cities, new RSU, S12 software Upgrade.	
3	Transmission Network	315
	Terminal equipments expansion of Transmission Network with Optic Fiber (OF) and Transmission Ring with OF for TR3 in Tirana	
4	The Network Infrastructure	139
	Telecom buildings reconstructions in Tirana (Tr3), Durrës, Fier, Vlore, Berat, Gjirokaster, Shkodër, Kukës.	
	TOTAL	2,148

INVESTMENTS 2004

Investments 2004 - Development of Albtelecom telecommunication system is based on a strategy, which aims at fulfill demands for fixed telecommunication services in urban areas of our country, as well as in extensions of telephony network in other regions of Albania. Total investments cost for year 2004 is 2.148 million Leke. Procurement procedures, for first half 2004, are finished. Concerning we are at the phase of contract signing for the objects as follow:

- Full project for fiber optic transmission system Korce-Bilisht-Kapshtice is finished.
- Extension and upgrade of terminals for fiber optic transmission backbone network.
- New switching system and respective local cable network (with capacity 20,000 ports) for Tirana city (TR3).
- Network infrastructure constructing and reconstructing of some Albtelecom buildings
etc.
- Extension of switching capacity systems with 35.000 new ports.
- Extension of capacities for local cable network with 39.400 new lines.

ALBTELECOM TOTAL INVESTMENTS PER YEAR



EAGLE MOBILE

Eagle Mobile Sh.a. -is licensed by ERT (Regulatory of Telecommunication Entity) on march 2004, as the third operator of Mobile telecommunication and soon will provide receptive service (GSM standard).

Big and prestigious companies are not only interested in supplying and installing equipments but also on financing for construction of Eagle Mobile network as well.

Actually it is completed necessary documentation for the membership of this company in GSM association and we are also working on signing the Memorandum of Understanding with the above mentioned entity.

Launching of this operator into our market, aims first of all at increasing direct profits of Albtelecom Company and at the same time it pretends to encourage competition toward alternative operators for the services it offers.

On the other hand it is required an up to date technology by means of which there will be implemented not only telecommunications universal services but also some other services like internet, data, etc.



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